FINANCIAL TIMES

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Japan to cut car exports to EC by more than 5%

Japan has agreed to cut its 1992 car exports to the European Community, a European Commission spokesman said.

He said Japan's Ministry of International Trade and Industry agreed at talks in Tokyo to cut sales by somewhat more than the expected 5 per cent decrease in EC car market demand this year. Page 6

Afghan talks: The Afghan government said a dialogue had been opened with all Islamic guerrilla groups for a transfer of power to an interim mujahideen administration. Page 18

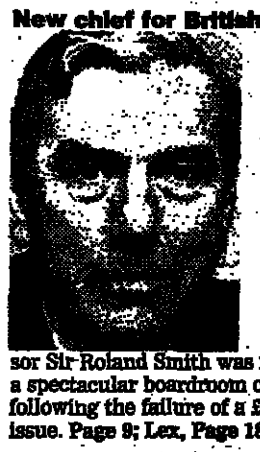
Gatt 'sabotage': The Uruguay Round of trade talks will "sabotage" US law on consumer rights and the environment, according to anti-Gatt groups. Page 6; Dunkel hopeful, Page 6

Poland: President Lech Walesa moved to regain the political initiative after an unprecedented attack in a widely-read newspaper. Page 18

Orders up: A rise in orders for durable goods and a fall in claims for unemployment insurance were seen as further evidence that a mild US recovery is under way. Page 7

'Big bang' find: A Nasa satellite has found huge ripples of matter near the edge of the universe, a momentous discovery that explains how stars and galaxies evolved from the "big bang" that created the cosmos, scientists said.

New chief for British Aerospace



British Aerospace has ended its seven month search for a new chairman by announcing that John Cahill (left), the former chief executive of BTR, would take over from Sir Graham Day next month. Sir Graham has been acting chairman of BAe, which is one of Britain's biggest companies, since Professor Sir Roland Smith was forced to resign after a spectacular boardroom coup last September following the failure of a £432m ($250m) rights issue. Page 9; Lex, Page 18

Union des Assurances de Paris, the largest player in French insurance, saw its net profits fall by 10.7 per cent to FFr3.77bn ($671m) in 1991 mainly because of the problems of Banque Worms, one of its banking interests. Page 20

Truce agreed: Lord Carrington, chairman of the European Community peace conference on Yugoslavia, persuaded the leaders of warring ethnic groups in Bosnia-Hercegovina to agree to a truce, as fighting continued. Page 18

Ethical demand: The Co-operative Bank in the UK is planning to tell corporate customers involved in blood sports to change their ways or close their accounts. Page 9

Solvay, Belgian chemicals group, is to strengthen its position as the world leader in soda ash production by buying Tenneco's Wyoming minerals operation for $500m. Page 19

Poor figures: Grim figures on Russia's living standards and industrial production were published by its state statistics committee as medical staff and teachers began a wave of strikes. Page 2

Barlow Rand, South African conglomerate, is in talks to buy Finanzauto, Spain's principal earth-moving equipment distributor. Page 20

Korean move: The South Korean government has dropped plans to punish Hyundai Electronics Industries for alleged loan violations. Page 4

Survival message: The French car industry must make huge improvements in worker training and cut its labour force if it is to survive, according to a government-commissioned report. Page 3

Survivors sought: Hundreds of workers were clawing through tons of debris, searching for survivors of the series of explosions which wrecked a 20-block section of Guadalajara, Mexico's second-largest city, killing more than 200 people. Page 7; US earthquake, Page 7

Target missed: Germany's money supply continued to grow well outside its target range last month. Page 3; US warning over German deficit, Page 7; Lex, Page 18

Pechiney, world's largest packaging company and leading aluminium producer, announced a 23 per cent decline in operating profits after a sharp fall in aluminium prices. Page 19

Ray dies: Indian film-maker Satyajit Ray died of heart failure in a Calcutta hospital three weeks after being awarded an Oscar for lifetime achievement in the cinema. Obituary, Page 15

The Markets

STOCK INDICES

FT-SE 100:	2,609.5	(+2.0)
Yield	4.65	
FT-SE Eurotrack 100	1,166.11	(−2.23)
FT-A All Share	1,261.24	(+0.2%)
Nikkei	17,402.05	(+562.93)
New York lunchtime		
Dow Jones Ind Ave	3,316.45	(−20.34)
S&P Composite	407.57	(−2.44)

US LUNCHTIME RATES

Federal Funds:	3¾%
3-mo Treas Bills: Yld	3.758%
Long Bond	99
Yield	8.063%

LONDON MONEY

3-mo Interbank	10⅜%	(10½%)
Liffe long gilt future:	Jun 98⅛	(Jun 98⅝)

NORTH SEA OIL (Argus)

Brent 15-day	$18.675	(18.70)

Gold

New York Comex	$338.2	(339.1)
London	$338.75	(338.7)

STERLING

New York lunchtime:		
$	1.7657	
London:		
$	1.765	(1.763)
DM	2.93	(2.9325)
FFr	9.8825	(9.9)
SFr	2.7225	(2.7175)
Y	237.25	(236.5)
£ Index	92.2	(same)

DOLLAR

New York lunchtime:		
DM	1.6615	
FFr	5.6135	
SFr	1.5495	
Y	134.565	
London:		
DM	1.6605	(1.6636)
FFr	5.595	(5.615)
SFr	1.542	(1.5415)
Y	134.48	(134.15)
$ Index	65.1	(same)

Tokyo close Y 134.15

Austria	Sch30	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR9.00		
Bahrain	Din1.000	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10		
Belgium	BFr60	India	Rs20	Neth	Fl 3.50	Spain	Pta200		
Cyprus	C£1.00	Indonesia	Rp3600	Nigeria	Naira20	Sweden	SKr14		
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00		
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50		
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000		
Finland	FM10	Korea	Won 2500	Philippines	Pso45	Turkey	L6000		
France	FFr8.00	Kuwait	Fils.500	Poland	Zl 16,000	UAE	Dh8.50		
Germany	DM3.30	Lebanon	L£1,250	Portugal	Es190				
Greece	Dr250	Lux	LFr60	Qatar	QR10.00				

Strikes loom in western Germany

By Christopher Parkes in Bonn

WESTERN GERMANY braced itself for widespread public sector strikes after the authorities yesterday refused to raise their pay offer and trade unions reported growing militancy at strike ballot centres.

An indicator of the mood among the 3m public servants came with the announcement that 91 per cent of postal workers had voted to strike.

The postal union urged the public not to send any letters, warning that collections could not be guaranteed. It also threatened to cripple the federal network of savings banks controlled by the Bundespost.

Rubbish clearance, kindergartens, motorway maintenance and local and regional public transport are also expected to be hit immediately. Emergency services will not be affected.

Airport authorities prepared to mobilise staff formally classed as civil servants – and thus not entitled to strike – to help ease expected traffic and passenger bottlenecks.

Voting among the main public sector unions ends today and the results, expected to confirm forecasts of a big majority for action, should be known by tomorrow. Stoppages affecting all public services are expected on Monday.

For months the authorities have been bombarding the population with charges that Germany is living beyond its means, and that spending cuts at all levels are necessary to maintain the stability of the D-Mark and rebuild east Germany.

However, an unexpectedly hefty surge in credit growth shows that the Bundesbank's rigorous interest rate policy has yet to have any discernible effect on domestic demand and is unlikely to be relaxed soon.

Germany's mounting federal deficit was sharply criticised in the International Monetary Fund's latest review this week.

The interest rates policy of the independent central bank was blamed for "restraining" European economic growth.

Growth in the broad M3 money supply measure rose 9.75 per cent in March, the Bundesbank said, and "moved further away from the upper limit of this year's target corridor of 3.5 to 5.5 per cent". Private credit demand has grown 12 per cent in the past six months.

Tensions in the labour market and runaway M3 growth suggest that constant warnings from the bank, government and leading economists have failed to make an impression.

In an unusual show of solidarity, the employers' leading negotiators – Mr Rudolf Seiters, the Christian Democrat interior minister, Ms Heide Simonis, an opposition Social Democrat minister from Schleswig-Holstein, and Mr Richard Klein, the SPD chief executive of the Duisburg local authority – called a press conference yesterday at which they flatly refused any advance on their last offer.

"Precisely because we want to avoid conflict, we have gone to the outermost justifiable limits," Mr Seiters said.

The unions had refused to recognise the economic realities of 1992. The 4.8 per cent package, parts of which have already been imposed in some areas, would add DM15bn ($9bn) to west German public sector spending, he added.

The unions are insisting on implementation of a 5.4 per cent deal proposed by an arbitration council last week. This was immediately rejected by federal and state governments as well as local authorities.

Money supply rises, Page 3
German data frighten bourses, Back Page, Section II

Michel Camdessus, left, with IMF external relations head Shailendra Anjaria at yesterday's Washington news conference

IMF warns Russia on reform

By Peter Norman, Economics Correspondent, in Washington

FINANCIAL SUPPORT for Russia from the International Monetary Fund could be delayed if the government in Moscow dilutes its macroeconomic and monetary policies, Mr Michel Camdessus, the fund's managing director, warned yesterday.

He told a press conference in Washington that the creation of the planned $6bn stabilisation fund for the rouble "could take some time".

During this period Russia and other countries in the so-called rouble zone would be expected to establish some market credibility for the rouble and comply with IMF conditions.

Although the fund wanted to move ahead with providing Russia with a proposed $4bn standby credit as quickly as possible, this too could take time if there were a weakening of Russia's economic reform policies, Mr Camdessus added.

Russia is hoping that agreement on the standby loan can be reached next month.

This would unleash additional financial support from the west and set in train a rescheduling of the official debts of the former Soviet Union by the Paris Club of creditors.

Mr Camdessus was speaking against a background of growing concern in Washington that Russia might be backsliding on its commitments to low inflation, currency stability and economic reform.

At another news conference yesterday, Mr David Mulford, the US Treasury undersecretary for international affairs, said that the alleged dilution of Russia's economic policies would be "one of the issues at the top of the agenda".

It would come up for discussion when Mr Yegor Gaidar, Russia's deputy prime minister,

Continued on Page 18

Du Pont and ICI in fibres business exchange deal

By Paul Abrahams

IMPERIAL Chemical Industries of the UK and Du Pont, the American company, yesterday announced that they were swapping their worldwide nylon and acrylics businesses.

ICI will also receive an estimated £250m ($442m) in cash, although a final figure will only be agreed once the two companies have examined the businesses in more detail.

The deal, which has to be cleared by the European Commission, would make Du Pont the largest manufacturer of nylon in Europe.

If the deal goes through, the group would control 25 per cent of the world and European markets, according to Mr David Williamson, Du Pont European president. The company would also supply about a third of all nylon to the European carpet industry.

ICI would become the world's largest producer of acrylics, an area which the company has defined as one of its core businesses. The enlarged unit would have annual sales of more than £500m a year.

Mr Williamson warned: "Europe must not kill its textile industry by fragmenting and weakening its suppliers. The European industry needs someone who will invest. At the moment all the growth is going to Asia."

Both Mr Williamson and Sir Denys Henderson, ICI chairman, said they were optimistic that the deal would be cleared by the regulatory authorities in both Europe and the US. If the move is given the go-ahead it should be completed by the end of the year.

Du Pont will acquire a business with sales of about £600m a year and take responsibility for 6,100 employees in the UK, Germany and the Netherlands. The operations made a loss last year, but are now breaking even, according to Sir Denys.

Mr Williamson said he was hopeful about the future of the ICI plants. Du Pont planned to invest $8bn in nylon fibres over the next decade, and the former ICI sites would benefit from that.

He said that the company had no plans to rationalise the operations and denied there was a problem of overcapacity in Europe.

Sir Denys said the deal was very positive news for both companies. It played to the strengths of each and would allow them to focus resources on their core businesses.

ICI has made two previous acquisitions in the US acrylics

Raw materials of a promising deal ....Page 17
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Japan moves to allay fears on health of banking system

By Stefan Wagstyl in Tokyo

THE JAPANESE ministry of finance made an unprecedented attempt to quash doubts about the health of the country's banks yesterday by issuing a detailed report on their financial performance.

The ministry released estimates of the banks' financial results for the year to March 31, saying Japanese banks were "very sound". They would have no difficulty in coping with the fall in the Tokyo stock market or with a sharp rise in bad loans, the ministry said.

"Our banking system is very sound. Excessive concern is unnecessary," a senior official added.

The ministry's action followed the recent plunge in bank share prices and reports of growing overseas concern about the condition of some Japanese financial institutions.

Although the statement was issued after the stock market closed, speculation about its contents had helped to boost the Nikkei average of leading shares which rose 562.93 to 17,402.05.

Foreign bankers said any improvement in sentiment could be short-lived because the figures in the ministry's statement were largely in line with expectations. They said that, in giving data for profits and bad debt provisions for last year, the ministry had not allayed fears about write-offs in 1992-93, which could be much larger.

The finance ministry said operating profit for all 153 Japanese banks rose 26.8 per cent to Y3,659bn ($27.5bn), boosted by declining interest rates. Pre-tax profits fell 17 per cent to Y2,799bn, because of aggressive write-offs for loans and investment loans, including those related to the property market. Net after-tax profits fell 24 per cent to Y1,379bn.

Banks' valuation losses on share portfolios surged 500 per cent to Y1,734bn and the write-off for bad loans rose to Y639.3bn.

Analysts said write-offs for 1991-92 gave little indication of the larger write-offs which were likely in the current year.

Acknowledging this concern, a senior ministry official said the large national banks – including 11 city (commercial) banks, three long-term credit banks and seven trust banks – had Y7,000bn-Y8,000bn in bad loans at the end of the fiscal year.

This meant loans on which no interest had been paid for six months. However, all but Y2,000bn-Y3,000bn was covered by collateral, the ministry said. Banks could easily cope with bad loans because, even after recent stock market falls, they had unrealised portfolio gains of Y17,000bn.

The figure for bad loans is considerably lower than analysts' estimates of Y20,000bn-plus, but much depends on the precise method by which bad loans are calculated.

The ministry said all except "one or two" leading banks cleared the 8 per cent capital-adequacy ratio which has been set by the Bank for International Settlements.

The ministry gave figures for different categories of bank but not for individual banks, which will publish their own results next month.

World stocks, Back Page, Sect 2

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New statistics reveal third of population paid minimum wage or less

Incomes and output sink in Russia

By John Lloyd in Moscow

GRIM figures on Russia's living standards and production were published by its state statistics committee yesterday, as medical staff and teachers began a wave of strikes.

At the same time, Mr Nursultan Nazarbayev, president of Kazakhstan and an enthusiastic supporter of the Commonwealth of Independent States, warned that the organisation was in danger.

The lack of agreement among CIS members has aggravated the desperate economic plight of each – though no mechanisms for closer co-operation can be agreed.

Mr Nazarbayev, speaking after a summit meeting of the Central Asian states in Kirghizia, gave two reasons for his concern: statements by the Ukrainian government after the CIS summit meeting in Kiev last month which suggested Ukraine might leave the the group; and proceedings in the Russian Congress, where many deputies called the CIS unconstitutional and demanded the return of the Soviet Union. Mr Nazarbayev said the next CIS summit on May 15 would be crucial.

The Russian figures show that gross national product dropped by 14 per cent and output by 13 per cent in the first quarter of the year, compared with the equivalent period in 1991. Oil and gas production dropped by 15m tonnes, and coal output by 1 per cent.

More than 50m people, or one third of the Russian population, had incomes of Rbs900 or less in the first quarter. Rbs900 is the level of the new minimum wage which Mr Alexander Shokhin, deputy prime minister, has promised to introduce by May 1.

However, the statistics committee says that the monthly subsistence level now stands at Rbs1,200.

Unemployment remains relatively low – up from 70,000 at the beginning of the year to 118,000 by the end of last month. But the combination of low wages and high prices is triggering more strikes. Stoppages lost the economy 260,000 work days in the first quarter.

The lowest wages – usually around Rbs 700–900 a month – are received by workers in the public services sector, such as teachers, doctors and other medical staff. According to Mrs Galina Orlova, a member of the executive committee of the health workers' union, 70,000 medical staff are on strike, while others are mounting pickets, holding demonstrations or working to rule.

She claims that the average level of health workers' wages was only 35 per cent of the average of industrial wages – now about Rbs2,500 a week according to government estimates.

Mrs Orlova said, "we hope to organise our action so that people suffer least of all". Medical staff working with children and emergency services would not strike.

Investment rising in Romania

By Virginia Marsh in Bucharest

THE LEVEL of foreign investment in Romania showed a modest increase in the first quarter, according to the country's development agency.

A further $54.4m had been pledged by the end of March, bringing the total in the period beginning January 1990 to $323.1m, said the Romanian Development Agency (RDA), a state-funded body responsible for attracting foreign investment.

Western European investors continue to provide the bulk of foreign capital – 66 per cent – followed by the US with 12 per cent, and Middle Eastern countries with 8.5 per cent.

Small and medium-sized companies, mainly concentrated in the trade and tourism sectors, remain the principle conduits for foreign investment. Foreign partners were now participating in more than 10,000 local companies; only 42 companies had secured foreign investments of more than $1m apiece.

However, the RDA believes larger companies were becoming more interested in Romania. Colgate-Palmolive, Siemens and Alcatel had recently stepped up their involvement.

Italian duel over parliament jobs

By Our Foreign Staff

THE Italian parliament yesterday held its first session since the general election earlier this month. But there was no resolution of the continuing deadlock between the main parties over the choice of candidates for president of the Senate and leader of the Chamber of Deputies.

The disagreements, which will probably require further rounds of voting today, may also postpone the planned resignation of Mr Giulio Andreotti, the prime minister.

However, signs of a compromise, at least between the Christian Democrats and the Socialists, were emerging as politicians canvassed the names of Mr Andreotti as Senate president, and Mr Gianni De Michelis, foreign minister, as lower house leader.

The choice of the two men, which would maintain the delicate balance between Christian Democrats, Mr Andreotti's party, and Mr De Michelis's Socialists, could still be upset by disagreements among the other party leaders.

The sharpest differences have emerged between the Socialists and the Democratic Party of the Left (PDS), led by Mr Achille Occhetto. Mr Occhetto, who is trying to exploit the sharp fall in Christian Democrat and Socialist support in the election, says any compromise on candidates would have to be linked to a clearer picture on the composition of the government.

However, the PDS itself has suffered from sharp internal differences following its decision to back Mr Giorgio Napolitano, a senior member, as Chamber of Deputies leader. The choice has angered veteran PDS member Ms Nilde Iotti, who has had the job for virtually the past 13 years.

● It was incorrectly reported in the FT on Wednesday that Ms Iotti had been Senate leader and Mr Giovanni Spadolini leader of the Chamber of Deputies. Mr Spadolini was in fact the leader in the Senate.

Ms Alessandra Mussolini, grand-daughter of Il Duce and neo-Fascist MP, on her way to take her seat in parliament

Paris backs off student reforms

By Ian Davidson in Paris

MR Jack Lang, education minister in the new French government headed by Mr Pierre Bérégovoy, has moved swiftly to suspend the implementation of the university reforms proposed by his predecessor, Mr Lionel Jospin.

Mr Lang yesterday praised the purpose of the Jospin reforms: "Their objective is good," he said. But since they had led to misunderstandings, he was postponing their application.

The "misunderstandings" of the Jospin reforms led to waves of mass protest demonstrations by university and secondary school students.

The centre-piece of the reforms was to have been a simplification in the choice of first-year degree subjects, from 45 to around 12. In addition, a modular form of credits was proposed, coupled with a new University Studies Certificate which would be available at the end of the first year, for those students who wanted to take a break.

Mr Lang has also backed away from moves to cut down on the teaching of classical languages. At present, Latin is said to be studied by some 350,000 students, and Greek by 30,000.

NEWS IN BRIEF

Chernobyl death toll put as high as 8,000

THE UKRAINIAN government has officially estimated that 6,000 to 8,000 people died as a direct result of the meltdown of the Chernobyl nuclear reactor, which occurred six years ago this Sunday, writes Chrystia Freeland in Kiev.

Environmental activists, as early as September 1990, had put the figure at 7,000 but the former communist authorities and the International Atomic Energy Commission had played down the effects of fall-out.

The new government of independent Ukraine has made an effort to come clean about the effects of Chernobyl and has vowed to shut down the reactor. One of Ukraine's leading environmental activists, Mr Yuri Shcherbak, has been named as environment minister.

US consulate for Vladivostok

The US has received permission to re-open its consulate in the Russian far eastern port of Vladivostok this summer, the regional governor, Mr Vladimir Kuznetsov, said yesterday, AP reports from Vladivostok.

US diplomats will work from a former communist party dacha (summer home) while negotiating a permanent location. The governor did not rule out the possibility the US might re-acquire the property that served as its consulate from 1890 until the 1917 revolution, and again from 1933 to 1949.

Vladivostok was closed to foreigners until 1991 because of its large Soviet naval base on the Sea of Japan. Mr Kuznetsov said the decision to allow the re-opening of the consulate followed the visit of an official delegation led by Senators Frank Murkowski of Alaska and Steve Summs of Idaho.

Slovenia's PM to call poll

Slovenia's new prime minister said yesterday he would call early elections and immediately tackle economic problems, having ousted the government that won the republic its independence from Yugoslavia, Reuter reports from Ljubljana.

Parliament asked Mr Janez Drnovsek, a 41-year-old former Yugoslav president and economist, to form a government after christian democrat Lojze Peterle lost a confidence vote on Wednesday night amid dissatisfaction over economic problems.

Mr Peterle was ousted 10 months after his coalition government had pulled Slovenia out of the Yugoslav federation and only three months after its independence was recognised abroad.

Finnish minister quits over cuts

Finland's minister of social affairs and health has resigned over planned cuts in the welfare state, dealing a further blow to the centre-right government that came to power only a year ago, writes Sara Webb in Stockholm.

Mrs Eeva Kuuskoski announced her resignation in protest over a FM10bn ($3.2bn) package of government spending cuts, many of which concerned reductions in welfare benefits.

An estimated 200,000 public sector workers went on strike on Wednesday over the government's cuts. The public spending reductions were announced this month in an attempt to avert the threat of a devaluation and calm the financial markets.

French launch media inquiry

The French parliament has ordered an inquiry into the state of the media – to analyse the condition of France's press and broadcasting sectors, writes Alice Rawsthorn in Paris.

The inquiry, which may help to influence future government thinking but has no direct legislative implications, follows months of lobbying for reform of France's media laws after the collapse of La Cinq, a national TV station.

Albania and IMF agree economic reform plan

By James Pettifer, recently in Tirana

OFFICIALS from the International Monetary Fund in Tirana have agreed an outline economic reform plan with the newly elected democratic party government in Albania led by Mr Sali Berisha.

The plan emphasises the need for the rapid closure of uneconomic state enterprises and an end to the current system of state subsidies.

The new government inherited a disintegrating economy with annual inflation running at over 500 per cent and industrial production at less than a third of capacity due to shortages of water and breakdowns in electricity supply. Part of the key mining sector is at a standstill.

Official unemployment is put at 20 per cent of the labour force but thousands of workers produce little in factories crippled by raw material and component shortages but are still being paid 80 per cent of their wages.

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NEWS: EUROPE

French car industry criticised on training and productivity

By William Dawkins in Paris

THE French car industry must make huge improvements in worker training and cut 2.5 per cent of its labour force annually until the end of the decade if it is to survive, according to a government-commissioned report published yesterday.

The study, for the Commissariat Générale au Plan, the state planning commission, says the industry must make "gigantic efforts" to survive Japanese competition, due to hit the protected French market with full force from 1999 when all import quotas on Japanese cars are due to end.

The industry lost 115,000 jobs between 1981 and 1990, but needs to lose many thousands more of their 320,000 direct employees over the next eight years, says the report.

The industry's technology is competitive, finds the report, the result of a year-long study by industry and union experts. But the average French car worker compares badly with British counterparts at the Nissan factory in Sunderland, Tyne and Wear, which the report finds potentially as efficient as Japanese staff.

French car workers are "relatively old, often little trained or untrained, and sometimes even illiterate...manual workers do not seem very motivated," writes Mr Gilbert Rutman, the report's author and honorary president of Elf Aquitaine, the state-controlled oil group.

The average age of workers at one of Renault's main factories at Flins near Paris is 45, as against 28 at Nissan UK, for example. In 1989, nearly half the French car industry workforce had no professional diploma, it says. Of the total, only 2.4 per cent had a higher diploma as against the 13.1 per cent French national average.

Mr Rutman calls for a restructuring plan similar to that of the state-owned steel industry in the 1980s, and for subsidised training schemes to improve young workers' skills.

German money supply continues to rise

By Andrew Fisher in Frankfurt

GERMANY'S money supply continued to grow well outside its target range last month, giving a clear signal to participants at this Sunday's Group of Seven meeting in Washington that the Bundesbank will hold firm on monetary policy.

Mr Helmut Schlesinger, the president of the German central bank, will attend the G7 meeting of leading industrial countries with Mr Hans Tietmeyer, his deputy, but economists do not expect them to come under serious pressure to cut interest rates as a stimulant to the world economy.

The Bundesbank has repeatedly stressed its concern with the high rate of money supply growth compared with the target range of between 3.5 and 5.5 per cent which had been set for this year. In March, M3, the broad monetary aggregate, grew at an annual rate of 9.75 per cent after 8.5 per cent in February and 9 per cent in January.

Propelling M3 higher has been heavy lending by banks to companies and individuals.

Much of this has been to finance corporate investment in eastern Germany.

Mr Paul Brunker, European economist at Robert Fleming Securities in London, said it was unlikely M3 would return to the target range this year, based on the average for the fourth quarter of 1991 used by the Bundesbank as its base.

Also worrying the bank has been inflation, which reached an annual rate of 4.8 per cent in March.

Official German interest rates were lifted by half a point in December, putting the Lombard rate at 9.75 per cent.

The Bundesbank's stance received support this week from the International Monetary Fund, which called on the Bonn government to cut its high fiscal deficits.

The central bank has warned that large transfers to east Germany must be accompanied by a greater determination to curb spending in the west.

Mr Theo Waigel, Germany's finance minister, responded to the Bundesbank's message at the Easter weekend by promising tough policies to clamp down on expenditure. But his promises were short on detail.

US view of German rates, Page 7

Gonzalez gives ground under party fire

Peter Bruce on the Socialists' internal struggles over Spain's new unemployment law

PRIME MINISTER Felipe Gonzalez of Spain may have found an opposition party worthy of his talents as a pacifier – his own Socialist Workers Party (PSOE).

A clear illustration of this has been splashed all over the front page of Spain's biggest newspaper, El País, for the past two days. On Wednesday, the main front page headline read: "PSOE to alter unemployment decree in parliament." This was Mr Gonzalez on the ropes as the party decided to modify cuts in unemployment benefit decreed by the government two weeks ago.

Yesterday it read: "PSOE backs government over benefit cuts in face of union intransigence." In other words, prime minister bounces back, party "rallies", and the unions become the bad guys.

There is no point trying to make much sense of this. It is merely the left-wing PSOE disagreeing with its right-wing government yet again, and Mr Gonzalez, leader of both, working hard to hide the cracks.

The benefit cuts have poisoned the political atmosphere. Mr Carlos Solchaga, the finance minister, has made them central to his convergence plan, which is designed to show how Spain plans to meet the economic criteria established in Maastricht last December for economic and monetary union in 1997.

The cuts trim benefits to unemployed people and double the time in work – to one year – required to qualify for them. The government reckons they will save about $4bn this year and, with luck, "encourage" people to look harder for jobs. The unions have called the measures the worst attack on workers ever, and the General Workers Union is threatening a general strike in the autumn.

For the left-wingers who run the PSOE, cutting benefits to the jobless while restrictive monetary policies slow investment is the moral equivalent of clubbing baby seals. It was inevitable that resentment and fear would break out, despite Mr Gonzalez's best efforts.

> Mr Solchaga's benefit cuts have poisoned the political atmosphere

However, as the prime minister is still the only man who can win elections for it, the party is directing its ire at Mr Solchaga, whose conservative policies have made him the *bête noire of Spanish politics.*

He had done his work with precision. The convergence plan was published on April 2, debated in parliament on April 7, and the benefit cuts gazetted as a decree law the following day. Because party pressure had forced him into an expansive 1992 budget last year, the cuts were that urgent.

A secret meeting – details of which were leaked – was then held outside Madrid by some leading Socialist party figures to try to dampen union discontent. The unions, though, continued to growl, particularly as the government is putting the finishing touches to its first law to control strikes.

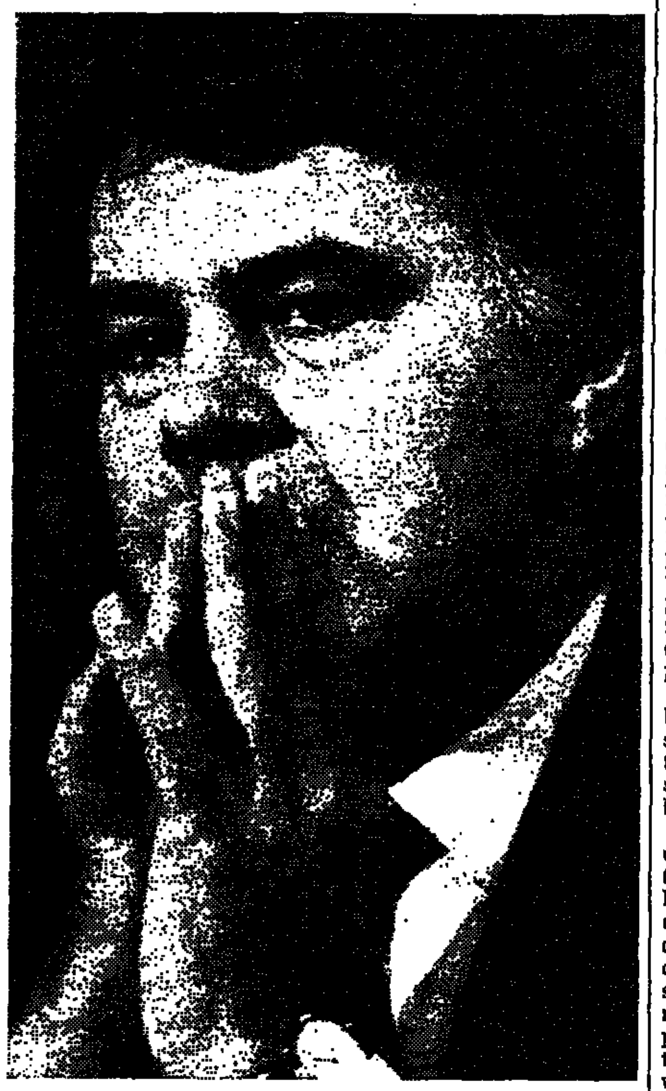
The party was under great pressure. A general strike in the summer could disrupt both the world's fair in Seville and the Olympic Games in Barcelona. And with no early global economic recovery in sight, fighting an election by October next year (presumably after a tough 1993 budget, if Mr Solchaga is serious about convergence) would be very difficult.

On Tuesday, then, the party executive, with Mr Gonzalez in attendance, decided to tamper with the decree in parliament next week and not to merely rubber stamp it. They will loosen some benefit conditions affecting people working on temporary contracts in seasonal sectors such as tourism.

While their boss kept strangely silent, Solchaga aides rushed to insist that the intent of the decree will not be affected and Gonzalez loyalists in the party seized on this to *infer that nothing at all was happening.*

However, the party has wrung an important concession from its leader: it will now be allowed to be seen as sufficiently concerned about Mr Solchaga's "Draconian" measures to do something about them. Mr Solchaga cannot be seen to be getting a free ride and the symbolism of any change is of great importance.

The finance minister *could* resign but won't. Resignation on points of principle is not a tradition in Spanish politics.



Felipe Gonzalez: made important concessions to party

Ghost of Nazism rises to haunt Austrian election

WHEN President Kurt Waldheim last summer announced he would not run for a second term, Austrians thought they would be able to escape the shadows of the Nazi past.

But the issue, which has dogged Mr Waldheim's six-year term following allegations that he lied about his war record, has come back to haunt the campaign for the presidential election this Sunday.

In an ironic role reversal, it was Mr Joerg Haider, the chairman of the right-wing Freedom Party, who accused Mr Robert Jungk, the leftist candidate for the Green Party, of having shown pro-Nazi leanings as a journalist in Switzerland during the Second World War.

Mr Jungk, 78, is a Berlin-born Jew who was forced into exile in Switzerland. Mr Haider, his unlikely accuser, was ousted as governor of the state of Carinthia last year after praising the "orderly employment policy of the Third Reich."

Mr Jungk published his critical reports on Nazi Germany under a pseudonym, and to evade Swiss censorship, he sometimes resorted to the nationalist idioms of the time. It was a reference in 1942 to the Nazi's "volks-biologically progressive health policies" which stressed the genetic purity of the population in Germany which Mr Haider cited as evidence for Mr Jungk's sympathy for the Hitler regime.

Mr Haider has been ordered by a court to retract the accusations, and it is unlikely that the controversy will have any significant impact on the first ballot round on Sunday.

Mr Jungk never had a chance of getting more than 5 to 8 per cent of the vote. And Mrs Heide Schmidt, 43, the eloquent candidate of the Freedom Party, has seen her chances of making it into the second round fade in a recent row between Mr Haider, her party leader, and critics from the party's liberal wing to which she is aligned.

Mrs Schmidt was forced to downplay her disapproval of nationalist tendencies in the party after Mr Haider threatened to withdraw his support for her.

But even a poor showing by Mrs Schmidt is unlikely to dent the future prospects of Mr Haider, whose right-wing populist message is dominating the political debate and headlines.

Mr Rudolf Streicher, the former minister of transportation and candidate for the Social Democratic Party, and Mr Thomas Klestil, a 60-year old career diplomat who is running for the conservative People's Party, are expected to draw the most votes in the first round of balloting.

> In an ironic role reversal, it was Mr Joerg Haider, chairman of the right-wing Freedom Party, who accused Mr Robert Jungk, leftist Green Party candidate, of having shown pro-Nazi leanings, **writes Eric Frey**

Mr Streicher, 53, is ahead in the polls, but is unlikely to gain a clear majority. Such an outcome would result in a run-off on May 24, in which Mr Streicher would again the favourite.

A former factory worker who worked his way up the ranks to become chairman of one of Austria's largest companies Amag, before joining the cabinet in 1986, he is one of Austria's most popular politicians.

His folksy style and his musical hobby – he is an accomplished conductor – appeal to the electorate which is looking for a surrogate emperor figure to fill the largely ceremonial post of president.

But Mr Klestil's spirited campaign has enhanced the standing of the People's Party, the Social Democrats' junior partner in the coalition government.

S African policemen guilty of mass killing

By Patti Waldmeir in Johannesburg

A SOUTH African court yesterday convicted five policemen of murdering 11 black funeral mourners in 1988, the first time security force members have been found guilty in a mass killing.

The judgment is likely to embarrass the government of President F W de Klerk, who has long denied claims that police have been involved in violence which has left 11,000 people dead since 1984.

Yesterday Mr de Klerk made new proposals for a multiracial government to rule South Africa in the transition to a post-apartheid constitution. He proposed that South Africans of all races elect a five-member council as soon as possible to govern in the transition.

The proposal is an attempt to break a deadlock in negotiations over interim government. The ruling National party and the African National Congress (ANC) had previously agreed that such a council should be appointed, not elected. But they disagreed over its powers.

Mr de Klerk said the proposed elected council would comprise one member from each of the three to five biggest political parties, and would have a rotating presidency, changing twice a year.

He gave no date for the election, but said it could precede a universal franchise vote for a new parliament to replace the current race-based assembly. The ANC had no immediate comment but its officials are known to favour an appointed rather than elected council which would rule for a short time and limit itself to preparing the ground for parliamentary elections. It therefore seems unlikely to accept the proposal.

City waits in fear of an ethnic explosion

David Housego reports from Kabul

IN KABUL – a city that has lived on its nerves all week, uncertain whether it faced attack, liberation or ethnic strife – there seemed yesterday to be a great longing for peace.

"God willing, peace will come. There will be no fighting," said Gul Afghani, a vegetable seller in the Kote Sanghi market, who took an optimistic view of the city's fate in the coming days. Far more apprehensive were the girls at a Kabul University hostel – some of them the daughters of provincial party bosses or army leaders. "We are very frightened," said Zarmina. "We are more afraid than ever before." Even so, vegetable prices have fallen in the last two days and the Afghan currency has been strengthened – a sign that popular sentiment believes that a peaceful end to the immediate power struggle for Kabul is possible.

Those who have most to fear from the mujahideen taking over the city – which now seems inevitable, whether or not they are united among themselves – are the top officials of the former communist regime. "I think I owe it to myself to stay to see the end of the film," said one such former official yesterday who has refused to leave but sent his family abroad. "When I decided to stay, I accepted the worst of eventualities – that is the death sentence. I think I will not regret it." To the north of Kabul are the Tajik, Uzbek, and non-Pathan forces of Mr Ahmed Shah Masood, the leader of a northern-based alliance of guerrilla groups now working hand-in-hand with the army and paramilitary forces.

Together they have thrown a cordon around the city. Advancing through Logha province to the south of the city are the Pathan-dominated Hezb-e-Islam forces of Mr Gulbuddin Hekmatyar. The Hezb, the most fundamentalist of the Islamic guerrilla groups earlier this week threatened to attack Kabul.

Against this background of potential confrontation, urgent negotiations are underway – involving the Afghan government, the UN, Pakistan and the different guerrilla groups – to draw Mr Hekmatyar into an interim mujahideen government to administer the country.

As part of this process, General Mohammed Rafi, one of four vice-presidents, went to see Gulbuddin Hekmatyar yesterday. Mr Hekmatyar, outmanoeuvred by Mr Masood but determined to carve out for himself a stake in the post-war settlement – was reported to have said that any interim administration should reflect the realities of power among the various guerrilla groups.

Afghan officials and diplomats in Kabul do not believe that Mr Hekmatyar can take over Kabul by force. "He cannot come up the road and enter the city. It is impossible," said a military attaché yesterday.

But what they fear is that Mr Hekmatyar could conspire with disaffected army, militia or Pathan groups to stage another coup in the city. They see him as encouraging the ethnic strife and chaos from which he thinks he could benefit.

The real nightmare for Kabul would be that ethnic conflict between Pathan and non-Pathan communities could erupt before a political settlement has been achieved. "If an ethnic conflict starts now, there will be no political settlement," said a diplomat yesterday.

Kabul is now the only city in Afghanistan where power has not been transferred to a guerrilla-dominated coalition that includes representatives of the armed forces.

But as the capital, it is obviously the most important city. It is also the one where the ethnic mix is the greatest – and thus where the risk of explosion is also the largest. The power vacuum in the city – with a phantom government performing the rituals of administration – cannot last for long. The mujahideen will soon enter to claim the prize of 13 years of civil war. But the city's population prays for a peaceful transition.

UN pursues search for Afghan accord

By Farhan Bokhari in Islamabad, Pakistan

MR Boutros Boutros Ghali, the UN secretary-general, will visit Pakistan today in an effort to encourage the formation of a council of mujahideen guerrilla representatives which could peacefully take power in Afghanistan.

The visit comes at the end of a week of growing concerns about the failure of an earlier UN peace plan, as well as of something of a diminution in the organisation's role in resolving the Afghan dispute.

The ousted Afghan President Najibullah has been in hiding at a UN office in Kabul since his fall last week. This has affected the organisation's image of impartiality in the eyes of mujahideen commanders, according to western diplomats and senior government officials.

"The world can huff and puff as much as it wants, but Afghans have their own way of doing things" said one western diplomat.

Scepticism about international diplomatic activities has also been raised because of the Pakistani government's unsuccessful efforts to persuade groups of mujahideen based here to agree on a council to take power in Kabul.

Mr Benon Sevan, the special UN envoy for Afghanistan, is continuing his efforts to secure a safe passage for President Najibullah, according to a senior Pakistani official. But the task has become "a very, very difficult one", in view of a refusal by militiamen in control of Kabul airport to let him fly out.

However, UN officials continue to defend the role of their organisation in the peace efforts, arguing that the failure of the peace plan and the presence of President Najibullah at a UN office in Kabul do not mean the organisation can play no further role in finding peace in Afghanistan.

Boutros Boutros Ghali responding to questions at a press conference in New Delhi yesterday before he leaves for Islamabad

Indonesia to allow foreigners 100% ownership

By William Keeling in Jakarta

FOREIGN investors are to be allowed to hold 100 per cent equity in new companies in Indonesia, the government has announced. The new directive will delight international donors, such as the World Bank, which have been pressing for further de-regulation of the economy.

The directive, which is with immediate effect, applies to investments with a paid-up capital of over $50m in the heavily populated provinces of Java and Sumatra. Projects with lesser capital must be situated in more remote provinces to qualify. Previously, 100 per cent foreign ownership was permitted only for export-oriented industries in the bonded zone of Batam Island.

Foreign companies had also been allowed 95 per cent ownership of joint ventures which exported at least 65 per cent of production, but their equity had to be reduced to 49 per cent within 15 years. For existing joint-ventures, under the new directive this time period has been extended to 20 years.

The directive requires future investors to sell at least 5 per cent of their equity to an Indonesian company or individual within five years, and to transfer 20 per cent within 20 years. There is no requirement to export production.

The move follows a decision last week to allow a $1.6bn petrochemical plant to proceed under foreign ownership. Construction of the plant, whose backers include the second son of President Suharto, had previously been suspended by government on the grounds that with domestic ownership, foreign loans would count toward Indonesia's soaring international debt.

Officials are confident that loans raised for wholly foreign owned projects will not be viewed as Indonesian debt, estimated at about $75bn. Bankers say the trade-off demanded by opponents of the petrochemical project included the extension of foreign ownership across the board.

NEWS IN BRIEF

UN peace force may be sent to Somalia

THE United Nations Security Council may despatch more than 500 troops to strife-torn Somalia under a plan outlined last night, writes Michael Littlejohns, UN Correspondent in New York.

Military costs for a six-to-nine months' peacekeeping operation are estimated at a relatively modest $23m. For the first time in a UN operation, the main body of infantry would be sea-based – using a ship off the capital, Mogadishu, as base camp.

Fifty unarmed military observers in Mogadishu would monitor the ceasefire that went into effect on March 3 between the two main factions in the Somali civil war. They would also provide escorts for relief supplies.

Burmese junta chief quits

General Saw Maung, the Burmese leader, has resigned as its chairman for health reasons, the official Rangoon Radio announced last night, AP reports from Rangoon.

Gen Than Shwe, deputy chairman and army commander, will succeed Saw Maung, 63, as leader of the junta, the radio said. Saw Maung and a group of military officers seized power in 1988 after suppressing a nationwide pro-democracy uprising.

Saw Maung had been widely reported to be suffering from a nervous disorder affecting his capacity to work.

Japanese guilty on Iran arms

A Japanese company and four former officials were found guilty yesterday of illegally exporting missile parts to Iran, Reuter reports from Tokyo. Japan Aviation Electronics Industry was fined Y5m ($37,000), a company spokesman said. The former officials, including ex-president Yukio Kaito, received two-year prison sentences suspended for three years. The company was accused both in Japan and the US of repairing US-licensed missile parts for Iran during its 1980-88 war with Iraq.

Iraq acts to curb price rises

Iraq removed import duties on meat and potatoes yesterday to check a sharp rise in prices since its Gulf war defeat, Reuter reports from Baghdad. The most essential foods such as rice, flour and cooking oil were already exempt but pre-war duties had remained in force on items for which the government had wanted to encourage local production. Luxury foods, including tinned goods, will still have high tariffs.

Secret world of the penniless emperor

Japanese politicians fear more disclosures in a trucking scandal, writes Stefan Wagstyl

JAPAN'S ruling Liberal Democratic Party is braced for embarrassing disclosures as the public prosecutor's probe continues into the Sagawa Kyubin affair – involving links between gangsters, politicians and a trucking company, Sagawa Kyubin.

So many financial and political scandals have surfaced in Japan in recent years that new allegations have lost some of their capacity to surprise.

But the Sagawa Kyubin affair is attracting attention for the scale of alleged wrongdoing. The public prosecutor's office is investigating alleged breach-of-trust offences involving Y528bn (£2.2bn), dwarfing the 1989 Recruit stocks-for-favours scandal and the Lockheed bribery affair of the 1970s.

The affair shows how a fast growing cash-rich company can attract the attention of politicians and gangsters alike. In the tightly regulated trucking world, companies often call on politicians for help in negotiating red tape. Yakuza (gangsters) hover around the margins, preying on companies, hoping to extract money for "settling" disputes arising from traffic accidents.

At his peak, Mr Kiyoshi Sagawa, the group's 70-year-old founder and a former building site foreman, dined with prime ministers and wrote a grandiose autobiography entitled The Penniless Emperor. Now he is sick – too weak, he has claimed, to give evidence before a Diet committee. His most powerful aide, Mr Hiroyasu Watanabe, 57, is under arrest, as is Mr Jun Saotome, Mr Watanabe's lieutenant, both on charges of embezzling Sagawa Kyubin funds.

Mr Sagawa drove himself and others relentlessly. Drivers were expected to work up to 18 hours a day and to act as salesmen and account managers. Experienced drivers could earn much more than manual workers. But the penalty for failure was the sack.

Starting in Kyoto, Mr Sagawa expanded across Japan mainly through acquisition, which enabled him to circumvent some trucking regulations. Until a rule change in 1990, companies needed two kinds of licences. One allowed long-haul operations on a set route, the other permitted deliveries within a region. The transport ministry took up to 12 months to process licence applications but a company that took over another's operations could also take over its licences.

Mr Sagawa's most important deal was struck with Mr Watanabe, then head of a large Tokyo trucking company, who in 1974 merged with Mr Sagawa in return for continued control over Tokyo operations.

Mr Sagawa achieved his ambition of building a national network. He toured the country, often in a red Rolls Royce, talking of little but work, money and sex. In his autobiography he wrote: "This is a one-man company. My decision is absolute and perfect." In fact, he owed more than he would admit to Mr Watanabe, whose Tokyo business accounted for a quarter of the group. Mr Watanabe proved adept at handling the company's complex relations with banks, financial companies, gangsters and politicians. But, the smooth-talking Mr Watanabe eventually came to resent playing second-fiddle to the brash Mr Sagawa.

As it grew into Japan's second biggest delivery group, Sagawa Kyubin ran foul of the authorities. The transport ministry warned it repeatedly about drivers' hours for fear of traffic accidents. In 1986 it was banned from trucking for 25 days after its practices were criticised in a Diet transport committee. It also twice paid fines for tax offences.

> Sagawa toured the country, often in a red Rolls Royce, talking of little but work, money and sex. He wrote: 'This is a one-man company. My decision is absolute and perfect.'

Sagawa Kyubin tried to improve its record. It cut drivers' hours and increased holidays. But like many Japanese companies, it came to rely on politicians to help smooth relations with officialdom. Like other groups, it rewarded helpers with political donations.

Mr Sagawa's political links date back to the 1960s, when he hired the speaker of the Diet's upper house as an adviser. By the mid-1970s, with Mr Watanabe's aid, he had won the favour of Mr Kakuei Tanaka, then prime minister, who also became a Sagawa Kyubin group adviser.

Mr Watanabe never looked back. According to Japanese newspapers, Sagawa Kyubin supplied up to Y80bn to over 100 politicians, including Mr Tanaka and other past and present ministers.

Stories of deals between Mr Watanabe and top politicians abound. But very little evidence of wrong-doing has emerged, despite efforts of the public prosecutor's office.

Sagawa Kyubin's links with yakuza originate in the widely tolerated practice of employing gangsters to settle disputes over traffic accidents. Perpetrators of accidents are expected to pay compensation to a victim, separately from any insurance payments. Yakuza frequently act on behalf of victims and take a cut for their services.

The public prosecutor's office is investigating allegations that Sagawa Kyubin bought off yakuza en bloc by making payments to their national bosses – especially to Mr Susumu Ishii, former head of Inagawakai, the country's second largest crime syndicate.

As Sagawa Kyubin prospered, so did the relationship with Mr Ishii. Using dummy companies, Mr Watanabe channelled a total of Y528bn in loans and loan guarantees out of the company for speculative property and stock investments. The biggest share, Y114bn, went to Inagawakai. According to the public prosecutor's office, a further Y59bn went to companies in which Mr Watanabe had a personal interest and Y85.7bn to companies linked to his lieutenant Mr Saotome.

The links were exposed by the 1990 crash in Japanese stock prices. With the value of their assets plunging, recipients of Tokyo Sagawa Kyubin's largesse could no longer repay their debts.

Mr Watanabe might have hoped to conceal some of his secrets. But, say former employees, a row erupted between Mr Watanabe and Mr Sagawa. Mr Sagawa was shocked by the extent of Mr Watanabe's financial operations and he postponed his planned retirement to ensure the group did not fall into Mr Watanabe's hands.

Mr Watanabe and Mr Saotome resigned last summer and were arrested. Sagawa Kyubin fears much of its loans may never be returned. It plans to merge Tokyo Sagawa Kyubin into other group companies so as to spread the financial burden. The political party bosses have found alternative sources of funds, but few will supply money as freely as Mr Sagawa and Mr Watanabe.

Hyundai punishment dropped

By John Burton in Seoul

THE South Korean government yesterday decided to drop plans to punish Hyundai Electronics Industries (HEI) for alleged loan violations. The decision, by the Office of Bank Supervision (OBS), is the first sign the government may be trying to defuse its feud with Mr Chung Ju-yung, the Hyundai founder.

The OBS alleged HEI had used bank loans to finance the Unification National Party established by Mr Chung. It claimed then that HEI borrowed Won4.8bn (£3.5m) in January from the Korea Exchange Bank and transferred the funds to the UNP in violation of loan terms.

The OBS threatened to withdraw HEI's rights to unrestricted credit access – an important corporate privilege in South Korea, where credit is tightly rationed.

Use by HEI of loans for political activity would have violated rules that companies with unrestricted credit access can only use the bank loans for business.

Pact urged to help poor nations

UN report sees benefits for rich in a deal, writes Edward Mortimer

A "NEW global compact" between industrial and developing countries is proposed in this year's Human Development Report, published yesterday by the United Nations Development Programme.*

Such a compact would aim to achieve, by the year 2000, universal basic education for men and women, primary health care and safe water for all, the elimination of serious malnutrition, and at least 80 per cent access to family planning. It would also aim to create enough job opportunities to absorb the growth in the global labour force while reducing absolute poverty by 50 per cent.

While these aims would be of more direct interest to developing countries, industrial countries would benefit from closer co-operation on drug trafficking and pollution, relief of immigration pressures through creation of job opportunities in poor nations, and reduction of nuclear threats through lower international tension and acceptance of non-proliferation policies. Both sides would benefit from global peace and disarmament and from prevention of unmanageable debt burdens.

The report, compiled by an independent team of economists "under the guidance" of Mr Mahbub ul Haq, a former finance minister of Pakistan, suggests that the new compact should be financed partly from a global "peace dividend" of around $1.5 trillion (million million), resulting from a 3 per cent annual cut in all countries' military spending throughout the decade.

It also says industrial countries should reform their Overseas Development Assistance so that two-thirds goes to the poorest nations (at present only a quarter does) and at least 20 per cent to "human priority expenditure" (at present only 7 per cent).

A "global debt bargain", involving a substantial write-down of debts by official donors and commercial banks, would halt the debt-related net transfer from developing to industrial countries, which the report says is currently $50bn a year.

It also suggests various forms of funding for environmentally sustainable development, such as a one-dollar-per-barrel oil consumption tax, yielding around $24bn a year, an equivalent coal tax ($16bn), and rationing certificates for carbon dioxide emissions. Finally, developing countries could increase their exports by $40bn a year if global markets in both goods and services were liberalised.

Such a compact, the report suggests, should be prepared by a process of world consultations, leading to a "world summit on human development". It also suggests creation of a privately funded body, "Honesty International", to monitor and combat corruption, following the successful example of Amnesty International in human rights.

These are the main prescriptive conclusions of a report which gives a disturbing analytical and statistical picture of inequalities and obstacles to development in the global economic system.

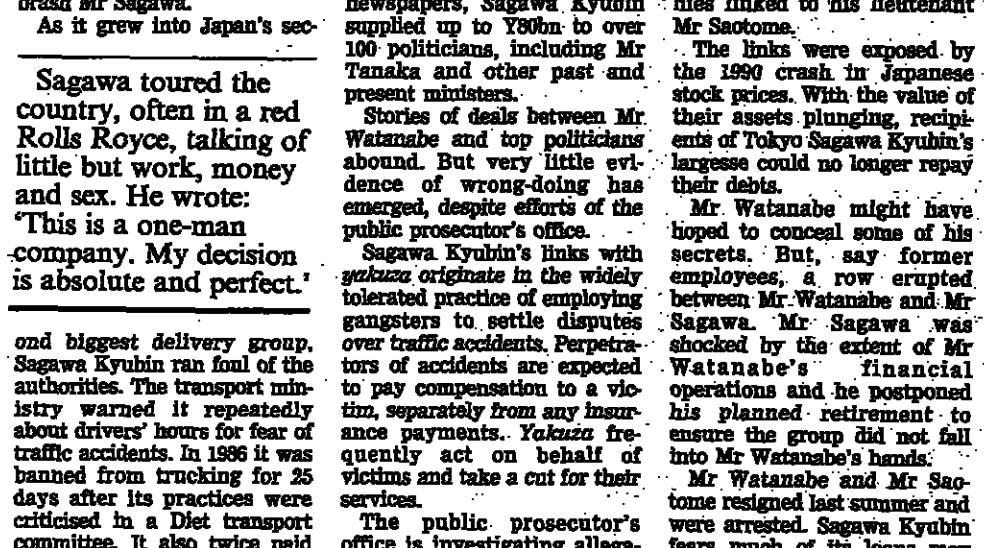
In particular, the report shows that global income disparities have widened in recent years. By 1990, it says, the richest 20 per cent of the world's population had incomes 60 times greater than the poorest 20 per cent, whereas in 1960 this was only 30 times. Even those figures are based on the distribution between rich and poor countries: if maldistribution within countries is taken into account, "the richest 20 per cent of the world's people get at least 150 times more than the poorest 20 per cent".

The report attributes this widening gap partly to the national policies of developing countries but also to unequal access to capital and technology and to restrictions on free movement of goods and labour.

An important innovation of previous reports was the "human development index," which combines life expectancy, educational attainment and income indicators to give a composite measure of human development. On this measure, Canada has now displaced Japan as the world's most developed country. The US trails in sixth position, behind Norway, Switzerland and Sweden. Next come Australia, France and the Netherlands, with the UK 10th and Germany 12th (behind Iceland). But if gender disparities are taken into account, Sweden is in first place, while Canada drops to eighth and Japan to 18th.

At the other end of the table, Guinea has wrested the wooden spoon from Sierra Leone. Romania, in 60th place, is the least developed "industrial" country, while Barbados, at number 20, scores highest among those officially classified as "developing".

*Human Development Report 1992. Oxford University Press, $16.95 paperback, $29.95 cloth.



Population growth to hit environment

By John Hunt, Environment Correspondent

STEEP INCREASES in world population could lead to catastrophic environmental damage and loss of species and natural habitats, according to a study funded by organisations including the United Nations Population Fund and the World Wide Fund for Nature.*

It says the UN anticipates world population could level out at 11.5bn by the end of the next century compared with today's 5.4bn. But upper forecasts put the figure at 12.5bn by 2050 and 28bn by 2150. The 1990s will be the decade of fastest population growth in history, with an extra 97m people every year.

It advocates a massive programme for women, giving them access to family planning methods, education and health.

*The Third Revolution, Paul Harrison, I B Tauris, London, £16.95.

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Dunkel claims 'positive sign' in talks over trade impasse

By Nancy Dunne in Washington

MR Arthur Dunkel, Gatt director general, said yesterday he had "no doubts" that the Uruguay Round of global trade talks would end successfully. It was a question of when, and of whether the global trading system could afford further delays in reaching a new General Agreement on Tariffs and Trade.

The first challenge, Mr Dunkel said, was to hold the line against protectionism. "The pervasive nature of protectionism is such that only collective action by governments can defeat it and ensure progress towards liberalisation."

Mr Dunkel saw "a positive sign" in the meeting on Wednesday between President George Bush and EC officials over agricultural trade. Although the deadlock has yet to be broken, both sides claimed that "new ideas" for a solution had been exchanged.

"I read between the lines," Mr Dunkel said. "New ideas means movement, flexibility."

He deplored the fall-off in momentum in the negotiations in the last month of 1991 and warned that developing countries which had already opened their markets were being damaged by continued protectionism in the industrialised world.

Mr Dunkel said he was glad the two sides had set a new deadline of June for resolving the impasse. He had sworn never to set another deadline, so he was "glad to see" others were now doing it for him.

The director general's optimism was not widely shared in the US business community, particularly after Mrs Carla Hills, the US trade representative, indicated that she had heard nothing more than new formulations of old ideas.

Mr Dunkel said the Round was particularly difficult because countries, for the first time, had to put national legislation on the bargaining table and this raised questions of sovereignty.

He said concerns expressed by Mr Michio Watanabe, Japan's foreign minister, about progress towards a new Gatt agreement were positive. Japan had been so "discreet" and "shy" about taking leadership, that the letters from Mr Watanabe to Washington and Brussels calling for action were a shock, he said, but "a very good shock."

US anti-Gatt lobby steps up campaign

By Nancy Dunne

THE Uruguay Round of trade talks will "sabotage" US law on consumer rights and the environment, according to American anti-Gatt groups.

The anti-Gatt lobby in the US – including environmental, consumer and farm groups – have stepped up their campaign this week to coincide with President Bush's declared Trade Week. They claim the support of 162 Congressmen for a resolution warning the president against Gatt legislation which jeopardises US environmental, consumer, health or labour laws. The resolution has the backing of Mr Richard Gephardt, the House majority leader.

Gatt rules would prevail over national standards and the anti-Gatt lobbyists argue that negotiators must ensure that a Gatt agreement would not undermine US standards on issues such as consumer rights and the environment.

The anti-Gatt forces are seeking public support in full page newspaper advertisements which claim that "the only thing free about free trade is the freedom it gives the world's largest corporations to circumvent democracy and kill those pesky laws that protect people and the planet."

Gloom and frustration grow among Geneva negotiators

By Frances Williams in Geneva

THE failure of the Washington meeting to break the farm subsidies deadlock has cast a pall of gloom over negotiations in Geneva, where trade officials have been struggling to stitch together detailed country-by-country deals on tariff cuts and services liberalisation.

These talks ground to a halt before Easter when it became clear that the US and the European Community were still far from resolving differences over farm trade reform, the crux of the Uruguay Round for most countries.

Trade officials said yesterday they did not expect serious negotiations to resume in Geneva until there were signs of a breakthrough in the bilateral talks on agriculture.

"Without a significant development at the political level we're not going to make progress," one diplomat said.

There is deep frustration among smaller Gatt members, both rich and poor, that nothing can move until the two biggest traders have sorted out their differences.

Even if Washington and Brussels could reach accord by the end of June, their agreement would have to be endorsed by all 108 participants in the Round. Officials warn that other outstanding issues may not fall into place as easily as assumed.

In the negotiations on market access for goods, progress has been blocked principally by the failure of the US and the EC to agree tariff cuts for industrial and farm products.

In services, Washington has angered trading partners by proposing to exempt a range of services from multilateral market-opening measures.

US officials say that some of these proposed exemptions would be scrapped if other countries improve their offers to open domestic markets to foreign services suppliers.

But Washington's insistence on keeping its maritime shipping out of a Uruguay Round agreement, a key sector for many countries including Japan and EC members, remains a serious threat to the negotiations.

Officials also say that new areas of disagreement have begun to appear as they comb through the legal text of the draft "Final Act", the package of rule-based accords presented last December after five years of negotiations.

In particular, the US and some other countries are having second thoughts about the role and functions of the proposed Multilateral Trade Organisation, which would incorporate the General Agreement on Tariffs and Trade, and administer the proposed accords on services and intellectual property.

In addition, the possibility remains that, if changes are made to the agriculture text in the draft "Final Act" at the behest of the EC, other countries will try to secure their own amendments.

This could provoke a general unravelling of the carefully-balanced text. For instance, the US administration is under strong pressure from industry lobbies at home to toughen the proposed rules on intellectual property protection and anti-dumping, while Japan, South Korea and some other countries oppose proposals to convert all farm import barriers to tariffs.

Officials in Geneva agree there is no chance of a Uruguay Round package coming into force at the beginning of next year as envisaged.

There seems to be consensus that the best hope now is to complete the negotiations after the US elections in November and before the US president's "fast track" negotiating authority expires next March.

CZECHOSLOVAK President Vaclav Havel, pictured with Japan's Emperor Akihito, yesterday asked Japan to help revive the economy in his former communist country, Reuter reports from Tokyo. In talks with Prime Minister Kiichi Miyazawa, Mr Havel called for increased economic exchanges, including preferential tariffs, to boost trade. He also appealed for investment to build up medium and small firms in his country. Mr Miyazawa promised financing and investment to help privatise Czechoslovak firms. He said Japan would offer preferential tariffs from next month to boost imports of Czechoslovak glassware. The two countries are to sign a trade agreement in Tokyo today.

Japan agrees to cut car exports to EC

JAPAN has agreed to cut its 1992 car exports to the European Community, a European Commission spokesman said yesterday, Reuter reports from Brussels.

He said Japan's Ministry of International Trade and Industry (Miti) agreed at late night talks in Tokyo to cut sales by somewhat more than the expected 5 per cent decrease in EC car market demand this year.

The spokesman said the Japanese side expected that disruption to the EC's new car market could be avoided if Japanese exports to the 12-nation bloc this year were reduced from "a rate somewhat above that of the expected decrease of the total demand" after taking into account the state of the market and the specific difficulties the Community's motor manufacturing industry faces.

The spokesman would not say exactly by how much Japanese car exports would be cut this year, but said they had shipped 1.25m cars to the EC last year, and Community new car demand was expected to fall by 5 per cent this year.

The spokesman announced that a compromise had been found after two days of talks in Tokyo following the Commission's request to the Japanese to cut car exports to the EC.

The Commission, the EC's executive body, asked for the cuts in view of poor operating results by some Community carmakers, falling domestic demand, and difficulties facing the EC industry as it undertakes expensive restructuring to make itself more competitive with its more efficient Japanese rivals.

An EC-Japan agreement last July provided for a transition period until the end of 1999 before the EC car market is thrown open to unrestricted Japanese competition.

The agreement provided for monitoring of Japanese car exports in the transition period, in line with annual shipments of up to 1.23m units.

This figure was based on 1990 levels and assumed that the EC new car market by the end of the century would be 15.1m vehicles annually, compared with 13.8m in 1990.

John Griffiths adds: Earlier this week, Japan announced details of reductions in direct car exports to the US.

The Ministry of International Trade and Industry (Miti) announced individual company quotas for an overall reduction of 28.2 per cent, to 1.65m vehicles this year from 2.3m vehicles in 1991.

However, actual exports to the US last year are estimated at only 1.73m vehicles.

Prospects fair for east-west trade bridge

Leipzig Fair is finding a new role after the collapse of the Soviet bloc, writes **David Dodwell**

DR CORNELIA Wohlfarth, appointed last August as managing director of the Leipzig Trade Fair, is offering no hostages to fortune. "This is the year after zero. I'm not offering any predictions for the future," she says.

"There are not the masses here that were here before, but that means nothing because many of those who used to come from the Eastern bloc were just getting away from their dreary lives, enjoying a rare opportunity to taste the consumer goods of the west."

Dr Wohlfarth, who left the world of publishing at the age of 47 to head what used to be called "the mother of all fairs", has good reason to be unclear about the future: 11 of this year's 26 fairs have never been mounted before; many are exhibiting for the first time; and with the economies of eastern and central Europe in turmoil, it is no mean task to pinpoint what market the fair should be aiming for.

She can nevertheless be cautiously sanguine about long-term prospects. The 830-year-old fair is at the heart of the economy of both Leipzig, and the Länder of Saxony of which it is capital. Traditional fairs such as the Fashion fair and the Jewellery fair have grown this year despite turmoil in the east: each attracted over 20 per cent more visitors this year than in 1991.

With the federal government pouring up to DM200bn (£68bn) a year into the east, it is unlikely to lack financial and strategic support. Bonn has granted DM300m for modernisation, while the municipal government has provided land for a new technical fair site to open in 1995.

Already, there is an air of hope in the city: many buildings are being refurbished; the air is clearer following the closure of many of the dirty, loss-making heavy factories; free enterprise has brought colourful street stalls selling everything from socks to potted pansies; pizza bars stay open until midnight.

Dr Wohlfarth has a clear strategy: "We should try to develop an identity of our own. The fair is part of the regeneration of the east, she says. "The aim is to offer fairs that solve problems – not just the usual product exhibition halls, but workshops, seminars, congresses and a contact centre.

"But without hotels, there is nothing we can do in this direction yet: at present we are providing a preview of what the future will offer." One thousand extra visitor beds are being provided by renovating houses in the city centre. But eight new international hotels will be open by 1995.

Her critical task is to provide focus for Leipzig fairs of the future. The universal spring and autumn fairs that used to provide the west with a business link to the former Soviet bloc are as much a part of history as the bust of Lenin outside the Soviet pavilion at the fair site.

In the long term, Leipzig's comparative advantage is likely to be its strategic location between west and central Europe, but with the economies of central Europe in disarray, short-term focus is on the needs of Saxony and other neighbouring eastern Länder.

"It may be 15 or 20 years before eastern Germany has the same quality of life as the west, but business will be going on: there is so much catching up to do. There will be business openings in the reconstruction of the area, so fairs will focus on the environment, transport, and construction sectors," she forecasts.

So in March Leipzig mounted Terratec, a fair for environmental engineering and environmental protection, and Translogo, a fair on traffic engineering. In autumn, fairs on building engineering equipment and on the construction trade are among those aimed at rebuilding the region's economy.

But long-term plans focus on Leipzig's role as a springboard to east and central Europe. Dr Wohlfarth aims not only to attract exhibitors from the west looking to markets in the east, but also to bring managers from the east to Leipzig to attend workshops on international trade, marketing, and funding: "We will help to train them to find their way through the market systems of the west that are so new to them," she says.

"It will take a long time before the former Soviet Union is able to build its own effective links with western companies, but by then we will have established ourselves. In the end, it will not be the size of the fairs that will count, but the quality," she adds.

An East-West Contact centre is planned, with an aim that at least half the exhibitors should come from eastern Germany or eastern Europe. To pave the way, the fair has appointed representatives in Prague, Warsaw, Budapest, Vilnius, Moscow and St Petersburg. Representatives are about to be appointed in Minsk and Kiev. To give them added clout, they will represent not just the Leipzig Fair, but also Saxony.

Pretoria seeks to revive trade with Asia

By Philip Gawith in Johannesburg

A SOUTH African trade mission arrives in east Asia today in an effort to boost trade with the region.

The delegation is keen to rebuild trade with Japan in particular. Japan was South Africa's largest trading partner until 1987 when it froze bilateral trade at 1987 levels. Japan banned steel imports, exports of arms, computers and certain vehicle types, new investment and loans to South Africa.

None the less, Japan continued to export many goods not included in the ban. Japanese cars account for about half of all vehicle sales while National Panasonic is a market leader in consumer electronics.

Japan has now lifted sanctions against South Africa and restored diplomatic relations.

Few observers doubt that it will soon re-establish itself as South Africa's main trading partner. It has long been a major purchaser of South African raw materials.

South Africa is also hoping to encourage Japanese investment in South Africa, particularly joint ventures.

The mission, led by Mr Derek Keys, minister of Trade and Industry and Economic Co-ordination, will visit China, Japan, Taiwan, South Korea and India.

Rise in orders points to mild US recovery

By Michael Prowse in Washington

A RISE in orders for durable goods and a fall in claims for unemployment insurance were seen yesterday as further evidence that a mild US recovery is under way.

The Commerce Department said new orders for durable goods rose 1.6 per cent last month, slightly more than expected in financial markets. In early April, weekly claims for unemployment insurance fell to just above 400,000, their lowest level since October.

Figures released by the International Monetary Fund this week indicate that a hesitant US economic recovery is under way, partly as a result of a loosening of fiscal policy by the Bush administration.

The increase in durable goods orders last month followed a flat report for February and a 2.4 per cent gain in January. Orders are running 9 per cent higher than in March last year.

The increase last month, however, mainly reflected a surge in orders for aircraft, which tend to be volatile. Excluding transportation, orders rose only 0.1 per cent.

The rise in orders follows other signs of a gradual upturn in manufacturing, including sluggish growth of industrial production last month and a rebound in the Purchasing Managers' Index.

The Labour Department said claims for unemployment insurance fell to 404,000 in the week to April 11, the third consecutive weekly decline and the lowest level since last October. The steady decline points to a slight improvement in employment prospects this month.

The IMF's latest World Economic Outlook expects measures such as an acceleration of federal spending and a cut in personal tax withholding rates to contribute to a net fiscal stimulus this year equivalent to about 0.8 per cent of gross domestic product. This is a larger stimulus than assumed by most private sector analysts and follows a mildly contractionary fiscal policy last year.

The IMF, however, believes the loosening of fiscal policy will undermine growth in the longer term, partly by inhibiting a decline in long bond yields.

The outlook says a US recovery is under way after a setback last autumn. However, officials describe the upturn as "hesitant" and "modest".

The IMF expects US gross domestic product to register annual growth of 1.6 per cent this year, rising to 3.5 per cent next year. This would be well below the pace of most previous recoveries.

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Mexican blast cause sought

By Jeanne Grant in Mexico City and agencies

HUNDREDS of workers yesterday were clawing through tons of debris, searching for survivors of the series of explosions which had wrecked a 20-block section of Guadalajara, Mexico's second-largest city. More than 200 people were reported killed and some 800 injured.

Locals demanded to know why volatile gas had been allowed to build up in the sewer system, and why the government had failed to react quickly to reports of a petrol-like smell permeating the area before the explosions on Wednesday.

The precise cause of the nine blasts, which gouged deep trenches in the streets of the poor La Reforma district, was still unclear yesterday.

Mr Jaime Avalos Medina, for the Jalisco state government, said various companies were being investigated on suspicion of having dumped chemicals or solvents into the sewer system.

Among a flurry of charges, counter-charges and denials, Pémex, the state oil company, and a cooking oil factory called La Central said they had nothing to do with the blasts. La Central has denied dumping hexane in the sewerage system. This is a highly volatile liquid paraffin hydrocarbon which can be used to extract edible oil from seeds.

Some technical observers said the characteristics of the explosions point to hexane rather than petrol as the cause.

The local authorities' failure to prevent the disaster and their handling of its aftermath have met heavy criticism, while national industrial safety standards have been called into question.

A gas or fuel leak in the area was detected the day before the catastrophe. Staff from the local water and sewage department, and from Pémex, are reported to have investigated the complaints but been unable to find the source of the leak. Officials visited the cooking oil factory, and that investigation was reported in the late edition of the local paper.

On Wednesday, 10 minutes before the first explosion, the Guadalajara chief fireman told a local newspaper reporter that there was no problem.

The authorisation of the use of heavy earth-moving machinery, while people were still being found under the debris, has also been sharply attacked.

A young girl is hauled by rescue workers from the ruins of a building at Guadalajara yesterday

Mexican law requires industrial safety standards matching international norms, but enforcement is a problem. Mr Homero Aridjis, head of the Group of 100 environmental monitoring group, is reported to have said that the Mexican government had been very lax about industrial safety.

The government requires new companies to undertake an environmental risk evaluation, but some older ones have not complied. Many of the companies created during the early years of Mexican industrialisation now have old facilities.

President Carlos Salinas de Gortari toured the scene late on Wednesday and pledged his government would do all it could to help the victims. After the poor official response to the 1985 earthquake in Mexico City, the governing Institutional Revolutionary Party suffered severe political repercussions.

On the international level, the disaster may reinforce the negative image of Mexico among opponents of the North American free trade agreement being negotiated by Mexico, the US and Canada.

US trade unions, concerned about the possible loss of jobs to enterprises south of the border, have painted Mexico as a backward, corrupt country where repeated statements of environmental concern are mere words.

Mulford warns over Germany's deficit

By George Graham in Washington

MR DAVID Mulford, US Treasury under-secretary for international affairs, warned yesterday that the German fiscal deficit could persist for much longer than previously anticipated, and create a lasting drag on world economic growth.

"Germany has a large fiscal deficit and a tight monetary policy, and this is having a major spill-over effect in Europe," Mr Mulford said. "It's causing high interest rates and low growth, and contributing to unemployment," he said.

Germany faces a grilling on Sunday from its partners in the Group of Seven leading industrial countries, led by the US, over how it plans to deal with the soaring deficit.

The International Monetary Fund's World Economic Outlook report, released this week, also called for cuts in the German deficit to enable European interest rates to fall.

US officials have been at pains to make clear that they do not blame Germany's Bundesbank for the high level of the country's interest rates. They see the budget deficit as the core of the problem, this having bloomed as the cost of absorbing eastern Germany has mounted.

The under-secretary said that, although Germany's deficit now amounted to 3-3.5 per cent of gross national product, the country's total public sector borrowing requirement, including borrowing by public institutions such as the Treuhand privatisation agency or the state railways, was beyond 6 per cent of GNP.

He acknowledged that the US general government deficit also stood at about 6 per cent of GNP, but said this was not a structural deficit and would decline as the effect of the savings and loan industry rescue began to disappear.

Mr Mulford expressed the fear that, in Germany, the deficit was financing growth in the eastern part of the country largely through income transfers, rather than through productive investment. "This raises the question of how long this is going to go on, and whether it is a structural problem," he cautioned.

The under-secretary said he did not want to put himself amid Germany's policy debate, but Treasury officials say that Bonn needs to demonstrate a serious enough commitment to curbing its fiscal deficit so as to provide a background that might persuade the Bundesbank it could safely begin to lower its interest rates.

"We did provide the background for the Federal Reserve to lower interest rates by 400 basis points," a senior Treasury official said.

● Bosnia-Hercegovina, Croatia and Slovenia have filed applications for membership of the International Monetary Fund. The three republics, seceded from Yugoslavia, will join a waiting list behind the 15 republics of the former Soviet Union, whose applications are expected to reach a vote by the IMF's board of governors next week.

Teledyne accused of false testing

THE US Justice Department has accused Teledyne, a leading maker of military electronics, of having falsified tests on a basic component of sophisticated weapons and spacecraft, according to the New York Times, Reuter reports from New York.

In a civil lawsuit, the department maintains the company's failure to test the components properly defrauded the government of as much as $250m, the newspaper said.

The suit against Teledyne asserts that the company routinely certified to the government, in 1983-1990, that the components, known as electromagnetic relays, had passed rigorous tests of reliability, when in fact the parts had often failed.

At times, the test results were distorted by faulty test equipment, the suit charges.

Each year, Teledyne makes hundreds of thousands of the relays, which have been used in the US space shuttle, the Patriot anti-missile system and dozens of other items.

Teledyne, which also makes industrial products, had disclosed it was the subject of an investigation of testing irregularities, the newspaper said.

Big quake shakes California

By Louise Kehoe in San Francisco

A STRONG earthquake rocked southern California on Wednesday night, across 200 miles from the Mexican border to Santa Barbara.

Seismologists said there was a 10-25 per cent chance that the shock, and one a few hours earlier, might herald an even stronger quake within the next three days.

In Los Angeles, buildings swayed for several seconds, telephone services and electricity supplies were temporarily disrupted. Initial reports suggested that damage was light with only minor injuries.

The quake, just before 10pm local time, measured 6.1 on the Richter scale, said seismologists at the California Institute of Technology. Six on the scale means ability to inflict "severe damage".

The epicentre was 10 miles east of Desert Hot Springs, which is about 100 miles east of Los Angeles. The tremor was believed to be a shift on the San Andreas Fault, which runs the length of California.

Two hours earlier, a shock of 4.6 on the Richter scale had shaken the region.

NEWS: UK

New cards dealt in the watchdog game

Richard Waters unravels the implications of reform on the business culture within the City of London

IT sounds simple enough. Shifting 50 people and their filing cabinets across London's Parliament Square from the Department of Trade and Industry to the Treasury is not one of the biggest departmental reshuffles of recent years.

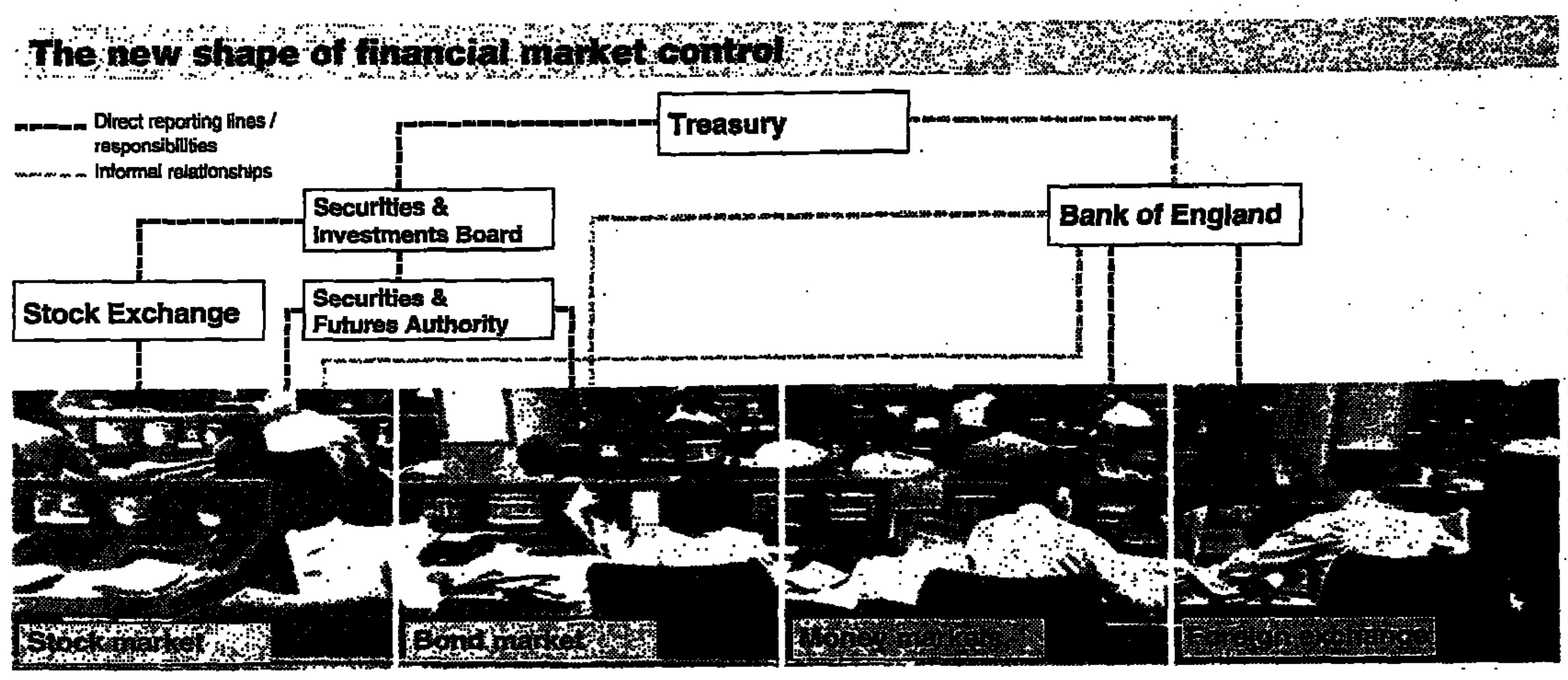
But the long-term effects of moving ministerial responsibility for the regulation of financial services in the UK could be far-reaching.

A series of questions have been thrown into the air like a pack of cards. Will the Bank of England take a more direct role in overseeing the City's investment markets? Will the Securities and Investments Board be left to wither away, or will it be beefed up to become a UK version of the US's Securities and Exchange Commission? Will London move further towards the sort of universal banking culture which already dominates on the continent?

The City has so far been given no clues as to the answers – indeed, there is a widespread view that Treasury ministers have yet to think through the implications of the switch.

"It's very early days yet, so we're trying to be tolerant," says Mr Robin Hutton, director of the British Merchant Banking and Securities Houses Association.

One of the biggest effects of the move will to be bring together, under the Treasury, two very different methods of overseeing wholesale financial markets. London's short-term money markets, among others shown above, come are under the control of the Bank of England. For these responsibilities, as with banking supervision, the Bank has a loose informal relationship with the Treasury. The Bank's control of the markets is firm but informal.



On the other hand the wholesale investment markets, such as the stock and bond markets, are governed by a rigid statutory framework with clear formal reporting lines. The Securities and Investments Board reports directly to ministers who answer to parliament.

These two different approaches may not last. The Bank already has informal involvement in the operation of the stock and bond markets. Also, investment regulators have been striving for the past three years to reduce the rigidity introduced to wholesale markets by the Financial Services Act.

The switch of responsibility to the Treasury has now fuelled a strong belief among some City regulators that the Bank will eventually become more directly involved in overseeing all of London's wholesale markets.

The Bank could also take on greater responsibility for overseeing London's securities firms. Historically, the UK securities industry has operated under different rules from the banking industry, a distinction that was not removed after London's Big Bang, when commercial banks were allowed to buy stockbrokers for the first time.

The Bank, as "lead regulator", does remain ultimately responsible for brokers owned by banking groups. Also, proposed European legislation on the capital backing needed by broking firms could eventually encourage more banks in London to scrap their broking subsidiaries and conduct securities business off their own balance sheets instead.

Under former corporate affairs minister Mr John Redwood, the DTI had fought to prevent European legislation which could undermine the traditional structure of the securities industry, replacing it with a continental-style universal banking culture. Whether the Treasury will fight as hard has yet to be seen.

If the Bank of England's future role is open to question, then so is the SIB's. This investment watchdog has always sat uncomfortably between government and the investment industry, looking to the industry to pay the costs of its upkeep but remaining answerable to ministers.

A change of political master could upset that delicate balance – particularly if the Bank of England encroaches further onto the SIB's territory.

Much depends on Mr Anthony Nelson, the new economic secretary at the Treasury who will take on responsibility for financial regulation. He is seen in the City as a fan of the SIB, having personally introduced the amendments to the Financial Services Act which created the body.

One former DTI official involved in the passage of the Act commented: "He kept pushing for more powers to be given to the SIB. He wanted things to be centralised, and was a great critic of the City club".

If so, then Mr Nelson could be the man to do what a growing number of regulators and City professionals are arguing for: to centralise the assorted investigatory powers that currently leave a raft of self-regulating organisations, government officials and police all pursuing the same fraud investigations.

Under current plans, though, the DTI will remain responsible for carrying out company and insider dealing investigations, and no immediate change is in prospect. The complex web of regulatory relationships that has grown up in the City is unlikely to be swept away overnight.

Britain in brief

BP to cut HQ staff by 700

British Petroleum is to reduce its headquarters staff by 700 as part of a cost-saving programme.

The cuts, which are being made across the company, will include about 250 redundancies. About 100 staff will be moved elsewhere within the group and the remainder, BP hopes, will find jobs with companies to whom work is to be contracted out.

The cuts are part of a \$750m cost-saving plan which was foreshadowed last year when BP produced a disappointing set of results. Profits were down by 14 per cent. Headquarters staff are based in London and Harlow.

GEC Alsthom cuts 500

Up to 500 jobs are to go at GEC Alsthom's Large Steam Turbine Group at Trafford Park, Manchester due to a sharp drop in orders as a result of the move to combined cycle power stations, it was announced yesterday.

GEC Alsthom, an Anglo-French company jointly owned by GEC and Alcatel Alsthom, is to concentrate all its UK steam turbine production at its other British steam turbine plant in Rugby, Warwickshire.

Excise 'lacks incentive'

Customs & Excise has no incentive to sell goods it seizes to boost revenues to the Exchequer, according to a report from the National Audit Office.

Government accounting rules, which prevent any proceeds of the sales being retained to cover Custom's costs, are deterring staff from selling items like the vehicles used in connection with smuggling, the NAO found.

The volume of goods seized by Customs has continued to grow during the 1980s, and it expects smuggling to increase with the creation of the single European market in 1993.

But revenues from sales of the goods seized have hardly increased during the period, standing at £4m in 1990-91, compared with £4.7m in 1988-89 and £3.8m in 1986-87.

Vehicles raised most money where sales did take place, but they were often stored outside where their re-sale price rapidly deteriorated. Other receipts came from alcohol, electrical equipment and textiles.

Audit fees slip in recession

Audit fees charged to British companies are slumping back towards the levels of two years ago, a study revealed.

Total bills from auditors for 42 quoted companies with year-ends on or after December 1991 have dropped 2.7 per cent to £53.7m, according to an analysis by JDH Consultants, the Glasgow-based firm.

That compares with an increase in audit bills for the same companies of 5 per cent to £55.2m last year, up from £52.6m in the previous 12 months.

The study, which used figures taken from the annual reports of companies which have reported so far this year, provides new evidence of the degree of cut-throat competition between accountancy firms.

Rover cuts dealer margins

Rover Group is cutting dealers' profit margins on its Rover 800 executive car range to 10 per cent from an average of 17 per cent. The move provides Rover itself with a price increase, while allowing retail prices for the range to remain unchanged.

Rover said it had taken the action in consultation with, and the support of, its dealer network. Dealers are also to be eligible for "development bonuses", equivalent to an extra 4 per cent profit margin, to help them secure fleet sales for 800 models.

Union claims bank victory

Union negotiators claimed victory after the Royal Bank of Scotland allowed suspended staff refusing to work overtime to go back to work.

The bank said it was providing what it called a period of "cooling off" in the current pay dispute with the banking union Bifu. It has withdrawn the suspension of staff sent home for refusing to work "contractual overtime".

Edward Heath honoured

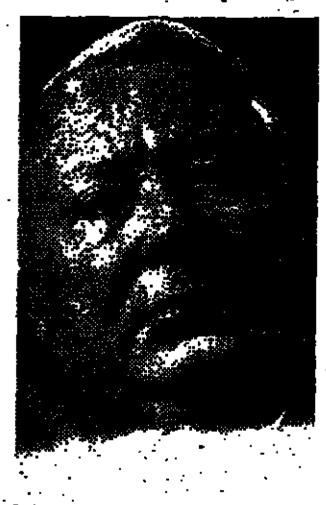
Mr Edward Heath, the prime minister who led Britain into the European Community, is to become the sixth post-war premier to join Britain's highest order of chivalry.

Buckingham Palace announced that the Queen has chosen the MP as one of three new Knights Companion of the Most Noble Order of the Garter.

Mr Heath, who has been an MP since 1950, becomes Sir Edward Heath and is also entitled to use the initials KG after his name.

The list of former prime ministers appointed to the garter since the Queen's accession in 1952 includes Churchill, Eden, Atlee, Wilson and Callaghan but not so far Mrs Margaret Thatcher, Mr Heath's successor as Conservative party leader.

Mrs Thatcher was made a member of the Order of Merit, the highest honour carrying no title that the Queen can bestow, after she resigned as Prime Minister to make way for Mr John Major.



Appointments to the Garter, the origins of which stretch back to medieval times, are entirely the personal gift of the Queen. Original members included Edward III and Edward the Black Prince.

Former BTR chief to head BAe after Day

By Paul Betts, Aerospace Correspondent

BRITISH Aerospace has ended its seven month search for a new chairman by announcing yesterday that Mr John Cahill, the former chief executive of BTR, would take over from Sir Graham Day next month.

Sir Graham has been acting chairman of BAe since Professor Sir Roland Smith was forced to resign after a spectacular boardroom coup last September following the company's flopped £432m rights issue.

The appointment has lifted the uncertainty that has been surrounding the top management of one of Britain's biggest companies since the boardroom coup last year.

Mr Cahill's immediate challenge will be to restore the credibility and reputation of the company which was badly shaken by the flopped rights issue, the ensuing boardroom turmoil and the resignation of Sir Roland.

He also takes over at a time when the company is in the midst of a restructuring programme to refocus it on its core defence and aerospace businesses which are under pressure because of defence cuts and the slump in civil aviation.

The City welcomed the appointment of Mr Cahill, aged 62, an experienced international businessman who was chief executive of the BTR industrial engineering group from 1987 to 1991. BAe's shares closed yesterday 5p higher at 348p after rising at one stage by as much as 16p.

After speculation that BAe had approached several potential candidates who had turned the job down, Sir Graham said yesterday: "Only one offer was made; John was the man. We are very pleased."

However, several other candidates are believed to have been approached but were reluctant to take on the job because of BAe's insistance that the new chairman would have to continue working with the company's existing top management team.

Mr Cahill said he regarded defence "as the main thrust" of the company. "We have an opportunity to pick up some market share in this business," he said, adding that he considered defence and aerospace as a "healthy business".

Although Mr Cahill will be working closely with Mr Evans and the present senior management team, he is expected to adopt a hands-on approach and examine closely every business in BAe's portfolio.

Lang takes softer stance on Scots rule

By James Buxton, Scottish Correspondent

MR IAN LANG, Scottish Secretary, yesterday inaugurated a softer and more conciliatory approach by the government to ruling Scotland and called for "a change of tone in Scottish politics".

Presenting his team of four Scottish Office ministers, Mr Lang again rejected opposition demands for a multi-option referendum – offering independence, a devolved Scottish parliament or the status quo – on Scotland's constitutional future, but did not rule out referendums as a matter of principle.

Mr Lang said no proposal had been put to him by the opposition parties which were "puffing and posturing". It was time they re-thought their ideas instead of re-running the general election, he said.

The issue of constitutional change had been thoroughly dealt with in the election, he said. The Scottish National party – which fought for Scottish independence – had won only three seats, while the biggest swing in Britain against Labour – which wants a devolved Scottish parliament – had been in Scotland.

"I can see circumstances in which a referendum is a useful mechanism and for that reason I'm certainly not willing to rule it out in principle," he said. "But when you start talking about a referendum on three rather woolly and ill-defined concepts then you identify all kinds of difficulties in phrasing it, in carrying it out and in deciding what has been decided after the referendum has taken place."

Bowing out: Jeffrey Archer, the author, is selling the Playhouse Theatre, near Charing Cross station in London. It is being sold for £2.4m to Resitastar, a company controlled by Mr Ray Cooney, the playwright and producer. Shareholders in the Playhouse Theatre Company are likely to suffer a significant loss. They have been told the profit on the sale will not cover the theatre's trading losses, but will be used to reduce bank and loan indebtedness. Mr Archer holds 62.3 per cent of the issued share capital Photograph: Tony Andrews

IBM-BT to offer PC-driven videophone

By Michiyo Nakamoto

PERENNIALLY jet-lagged executives and workaholics who spend more time with their computer than their family could soon find some relief in desktop videophones that are being launched in the UK early next year.

BT, in collaboration with IBM, the US computer group, has developed a PC card that will enable users of IBM and IBM-compatible PCs to turn their computers into videophones.

The PC card, which uses hardware developed by the British telecoms group and IBM software, slots into IBM and IBM-compatible PCs to provide videotelephony, file transfer capability and database access to users.

The UK group claims it is the first in the world to bring together the features of videotelephony and data access on one PC card.

The PC-based videophone shows a video of the person at the other end of the line on either all or part of the computer's screen. The user can be looking at a file in the computer while at the same time having a face-to-face discussion. The phone number is keyed in and the voice transmitted through a handpiece.

The videos which are transmitted can be stored on the computer's hard disc while documents and videos can also be sent over the network.

The videophones are expected to cost about £4,000 each. There are approximately 2m IBM-compatible PCs in use in the UK equipped to incorporate the PC videophone card.

Bank bans blood sport accounts over ethics

By Andrew Jack

THE CO-OPERATIVE Bank is planning to tell corporate customers involved in blood sports and other activities of which it disapproves to change their ways or close their accounts.

The Co-op, which has 1.5m customers, said that up to five "businesses or commercial organisations" would be approached to "discuss whether it is appropriate to continue banking with us".

Individuals would not be approached, because the bank assumed that most of them already shared its values.

The policy would stress attracting new sympathetic customers rather than targeting ones who did not conform. "We are confident it will gain us business," the bank said.

A draft of the bank's ethical policy says the Co-op will not engage in business with manufacturers or importers involved in the fur trade. Also unacceptable will be those involved in animal experimentation in toiletries and cosmetics, or the breeding of dangerous dogs.

The policy stops the bank from engaging in business with manufacturers of tobacco promoted in the less developed world, with foreign regimes which are in breach of human rights, or with arms manufacturers supplying these countries. The Co-op and its parent, the Co-operative Wholesale Society, have long taken strong stands, including refusing to do business with South Africa and banning fox-hunting on their land.

Electricity surplus of 60% seen by 1997

By Juliet Sychrava

ENGLAND and Wales will have a 60 per cent surplus of electricity by 1997, the National Grid Company which manages the countries' electricity system, revealed in its annual statement yesterday.

More than 10,000MW of plant – the equivalent of 10 medium-size power stations – would have to close to achieve a more reasonable 30 per cent margin. This will support British Coal's fears that the many gas stations being built will force older coal-fired stations to close.

Twenty-eight power stations are due to be built in England and Wales by 1997 and all exceptSizewell B nuclear station will run on gas. NGC stressed that some planned stations could be cancelled.

Half will be built by small private-sector generating companies that have emerged since the electricity industry was privatised two years ago. The remainder will be built by National Power and PowerGen, the two big generators created at privatisation.

Their construction is controversial because British Coal, National Power and PowerGen think many will be more expensive than existing coal-fired plant and should not be built. They believe the new gas stations will survive only because they have managed to sign contracts to sell power to regional electricity companies at what will prove to be above market prices.

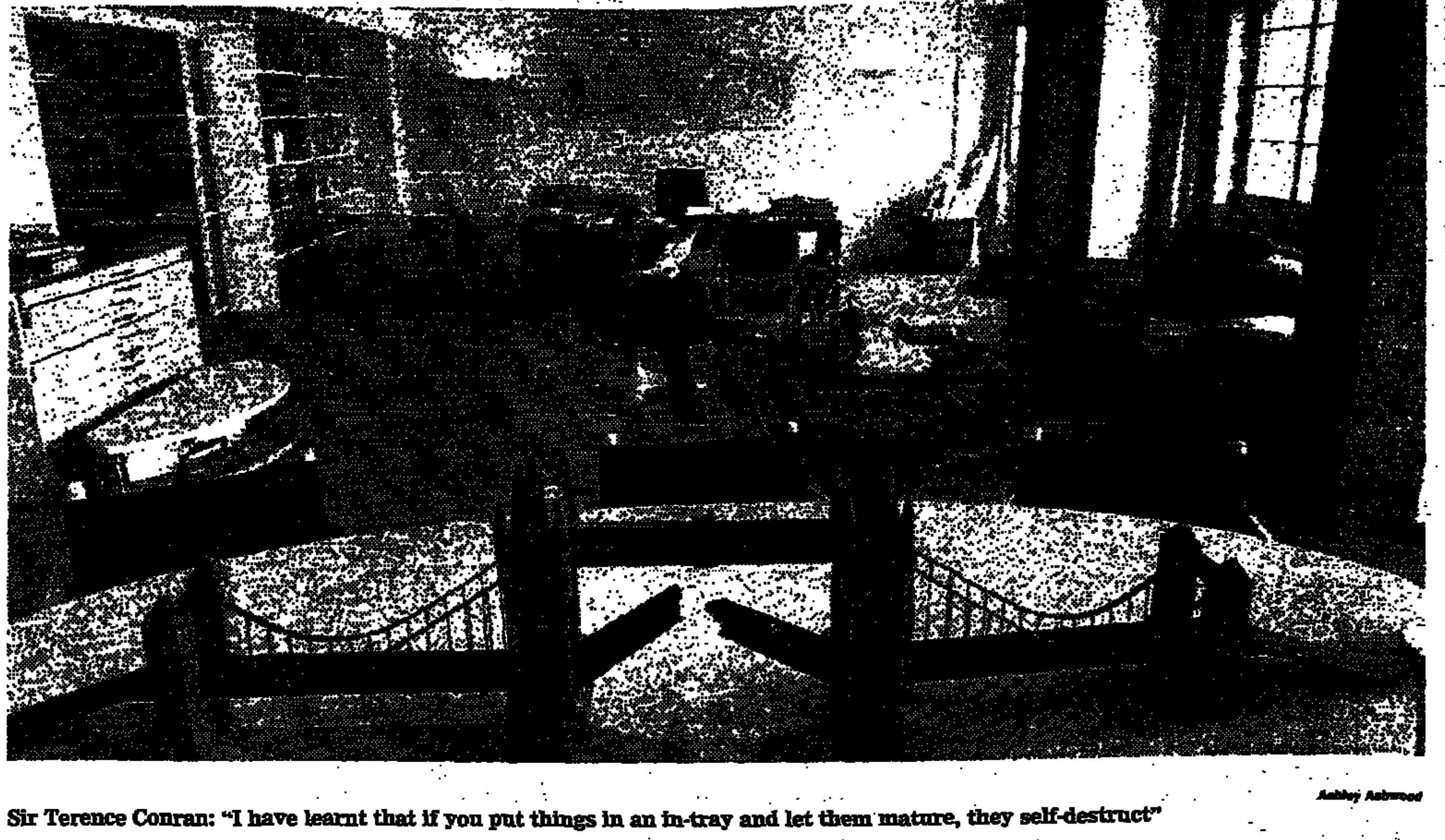
Nucor plant hopes fade

Hopes evaporated yesterday that Nucor, US steel producer, would salvage part of British Steel's complex at Ravenscraig, Lanarkshire. Officials from Nucor visiting Scotland told shop stewards the plant was not suitable for its needs, writes James Buxton.

Nucor did not rule out building a mini-mill in Britain to produce sheet steel by the thin slab casting process. Hunterston on the Firth of Clyde, where British Steel has an ore handling terminal and two mothballed steel plants was a possible site.

MANAGEMENT

Entrepreneur in his natural habitat



Sir Terence Conran: "I have learnt that if you put things in an in-tray and let them mature, they self-destruct"

Ashley Ashwood

Lucy Kellaway finds Sir Terence Conran as busy as ever

MY OFFICE

According to Sir Terence Conran, the age of the office is over. The man who introduced Britain to stylish interiors sees a future in which people will work from home, meeting up for a friendly lunch in revamped Lyons' coffee houses. "Imagine suffering the indignities of Network South-East to arrive at work in one of those towers," he makes a distainful gesture out of the window at the City of London.

"You would think: 'What the bloody hell am I doing here, sitting at a screen all day when I could be doing the same thing at home?'"

This is vintage Sir Terence: bold, visionary and unrealistic. It is also a bit rich for him to speculate on the nightmares of working life as he sits in an office which he describes as "perfect", adding that he "feels quite embarrassed about it".

But he looks anything but embarrassed as he surveys his magnificent room. Some 50 feet long and 35 wide, it has large windows looking over the Thames and is light, comfortable and stylish.

The room is part of a converted warehouse at Butler's Wharf, part of a Conran development that went bankrupt a year ago. Indeed, since Sir Terence resigned from his Storehouse retailing empire in 1990, he has suffered a good many blows.

But you would not guess it from his poised look as he sits behind his desk – a huge piece of polished wood which he designed himself, and had workmen knock up in his private furniture factory in the country.

He maintains that he is just as busy now with his scores of individual projects as he ever was running Storehouse: he has restaurants, a design company, his own foundation, the Conran shop, his books, chairmanship of the Design Museum.

He runs through the list twice; evidently he does not think he is washed up and he is damned if anyone else is going to think it either.

As one would expect, Sir Terence has strong feelings about what an office should be like. Its occupant "must feel relaxed and comfortable in the space, which must reflect their personality. Work is a part of life."

So what does his office reflect about him? What would he think if he walked in for the first time?

"I'd think, how nice to have fresh air coming through the window. How interesting that the secretary almost shares the office with him, with only a sliding screen separating them."

Sir Terence makes much of the importance of nice surroundings for everyone.

He says his suite of offices (originally designed as an appartment) work well for his staff of 10 or so.

"The communal kitchen is marvellous for them," he says. "They can make their toast in there in the morning."

In fact the kitchen is aggressively high-tech, and has nothing so homely as a table or chair. The secretary sits in a windowless anteroom, and the other staff are squeezed into small, plain rooms at the back.

Until you see the boss's office, you might think you were in a start-up design company, cramped yet pleasantly informal: in the cupboard housing the photocopier, a bottle of wine serves as the doorstop.

"This is obviously the office of someone who likes art, pictures and sculpture," he says, returning to his own room, "and who has a sense of humour".

He points at a huge model of Tower Bridge on the sleek white board table; at the bronze Michelin man on the coffee table. But funniest of all is an ethnic bird; which he says is a jeweller's blow lamp. "It makes me laugh like anything," he says.

The outsider might miss the joke, but what they could not miss is the identity of the occupant. The room could belong to no-one else but Terence Conran. Everywhere are signs of his successes and failures.

There is the faultless good taste: an idiosyncratic combination of old and new, high-tech and ethnic, smooth and rough surfaces apparently put together effortlessly. There is the model of the Food Hall for Canary Wharf, another Conran project that went wrong.

There is a shelf of children's books, published by Conran Octopus, of which he is still chairman. There is a large collection of books on design and taste, almost all of which he has written himself. He proudly holds out the latest to be examined and admired.

There is a basket of swatches of coloured Indian cottons and some collages put together by prospective buyers for the Conran shop. Both betray a fanatical attention to detail that is fine for the head of a small company, but is misplaced in the boss of a big retailer.

The room is littered with sculptures and pictures, many propped in piles on the floor, waiting for the right spot in one of his successful restaurants. Conran gives a bronze pillow with a fish on top a gentle kick: "I bought that in the Islington crafts fair last week. I'm not sure what I want to do with it yet."

His desk is a happy jumble of colourful cigar boxes, a fat stub is burning in a glass ashtray, pens and pencils, photographs, catalogues, and piles of paper.

There are empty cups of the strong coffee that his secretary makes, grinding the beans freshly each time.

"I try to keep things tidy, but there is so much stuff that crosses this desk.

"I have learnt that if you put things in an in-tray and let them mature, they self-destruct." There are no desk drawers, no filing cabinets, certainly no computers.

Sir Terence is no great organiser. The room is exactly as he likes, and one gets the impression he does what he likes.

He may no longer be a powerful man in big business; judging by his office, he was never meant to be.

Post Office gives uniforms the stamp of approval

A sari is included in the range

The Post Office calls it careerwear

Customers queueing for stamps in the post office can now play a new game to while away the time: spot the grey and gardenia refurbishments, and toning, smartly-uniformed staff.

More than 800 main post offices have so far been revamped in an effort to lift them out of their former utilitarian gloom.

Overall, £40m is being spent on bringing premises up to date and – with the introduction of automation – service into the modern age.

As part of the process, the appearance of employees is also being overhauled with the issue of grey and yellow clothing that would not look out of place in more up-market establishments such as banks or airlines.

Uniforms, workwear or, as Post Office Counters likes to call it, "careerwear", is increasingly being used by service organisations to strengthen identity and alter public perceptions.

The aim is to reinforce images of professionalism, build pride in the team and thereby improve customer service. In the Post Office's case, the hope is that the introduction of new clothing for staff will lead to some tangible improvements in customers' perceptions of the service they receive.

Indeed, perception, rather than the objective measure of performance itself, appears to be the key issue. For, according to Post Office Counters' own research, customers have very little idea of, for example, how long they have actually queued.

On average, they think they have waited twice as long as has actually been the case. Frustratingly for the Post Office, taking action to cut down on queueing time seems to have little impact on these perceptions.

In refurbished offices, however, customers feel they have not had to queue for so long, regardless of actual waiting times.

The hope is that the new staff clothing will add to the "feel good" factor and further close the perceptions gap.

The 10,000 staff themselves should also feel better in the new clothes as the existing cheap and nasty blue outfits, the subject of a steady stream of staff complaints, are replaced by softer, more generously-cut, modern styles.

Designs were drawn up by Anne Tyrrell Designs, the same consultancy that recently reformed British Rail's look, in consultation with a Post Office staff-management steering group.

The mix and match outfits – which will have been fully introduced by the end of June – include grey jackets for both sexes, a choice of suit skirt styles and lengths plus a crepe de chine blouse, scarf and skirt for women.

Other interesting additions are a sari and maternity wear – the latter requested, says Crozier, by some of the "larger ladies who find it more comfortable".

Diane Summers

BUSINESSES FOR SALE

"We promise to investigate a gas escape within the hour. Page 4. Paragraph 7. Full stop."

Ian Antrobus, Wirral District.

That's for an escape beyond your control.

If it's clear to us that the escape is being controlled, we'll be there within two hours.

And with every other aspect of our service, you'll find we're as fast as we are efficient.

Phone us and your call will be answered within 30 seconds.

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Installing an appliance, reading a meter, looking into a bill, you name it, we at British Gas are committed to respond within a specific time, come what may.

So committed, in fact, we've put it in writing and called it 'Commitment to Customers.'

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How can we help you with a payment problem? How prepared are we to stand by our workmanship? How do we cater for the special needs of our older or disabled customers?

It's all in the booklet. Spelt out in plain English.

Moreover, to show you how serious we are, we've set up a fixed compensation scheme.

Should we fall short, take us to task. It's in both our interests. After all, like you, we just love being in control. And the more we are, the more you benefit.

So ring 0800 181 565 or fill in the coupon, and we'll send you the booklet. Believe us, we've laid our reputation on every line.

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Please send me: Commitment to Customers booklet. ☐
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The conversion factor adds up for builders

By Vanessa Houlder

The tide may be turning for office development in London. After decades of domination by the needs of commerce, central London may have to find new uses for its unwanted offices "There should be a fundamental revision of land use in central London", says Mr Geoff Marsh of APR, a property consultancy.

Developers are starting to consider the feasibility of introducing hostels, flats and houses into less popular office districts. Commuters, tired of long journeys and keen to live nearer their place of work, could be the source of fresh demand in what is still a depressed housing market.

The notion of turning offices into housing smacks of woolly-headed idealism and, indeed, the process is fraught with practical difficulties. But the dire state of the commercial property sector is forcing property owners to think again about office schemes. Scores of empty offices and buildings, on which huge bills for rates, interest payments and maintenance are incurred, are virtually worthless because they may never find tenants.

The record number of vacant office buildings – and the still greater number of office proposals in the pipeline – will satisfy demand well into the next century. Yet as Mr Marsh says: "For some of these sites, there is no prospect of a viable scheme for the next 20 years."

The argument that inner city land is too expensive to use for anything but offices has been turned on its head. Office rents need to be at least £22 per sq ft for land to have any value at all, says to Mr Ralph Pearson of Chesterton, a property adviser. In parts of central London, land earmarked for offices could have a negative value for years to come.

Developers, architects, planners and surveyors have given a cautious approval to the idea of converting unwanted office buildings and development sites. "There are plenty of cases where it will work," says Mr Richard Saxon, head of architecture at BDP, a design company. Converting offices to houses is no less feasible than the once-radical idea of building flats in old warehouses in the London Docklands, he says.

Yet any change of use for office buildings will be neither cheap nor easy. "Conversion costs are high," says Mr Michael Campbell of Peaston, an Edinburgh-based developer which has built flats and hostels in office buildings, warehouses and disused mills throughout the country. "You have got to give the buildings a residential feel. You can't just put up partitions."

Modern office blocks throw up the greatest hurdles. The air-conditioned, glass blocks erected in the 1980s, with large floor spaces and wall-to-wall sealed windows would need to be virtually rebuilt to be used for housing.

Conversely, the slab-type office blocks of the 1950s and 1960s are far more suitable for change of use because they have shallow floor spaces with plenty of light and windows that open. Ironically, these features mean they have fallen out of favour for office use. "The buildings which are most convertible are at the bottom of the heap of desirability for offices," says Mr Saxon.

But even converting those buildings which lend themselves to a change of use would still be expensive. The walls might need to be reclad – "the cost of replacing the cladding is crazy," says Mr Campbell – some windows would have to be taken out, new plumbing and electrical wiring would have to inserted from top to bottom and independent heating systems would have to be installed in every flat. "Conversion of a radical nature sometimes costs as much as starting from scratch," says Mr Saxon.

'You have got to give the buildings a residential feel. You can't just put up partitions'

Nonetheless, the sums appear to add up for cheap, old office blocks which have little hope of ever finding a tenant again. An added incentive is that the conversion of an office block would generate a higher density of housing than would normally be allowed.

But developers will have to contend with planners. And although most London authorities would welcome additional housing, some could express reservations. Boroughs that are unsympathetic to the property industry may be unwilling to let hard pressed office builders off the hook; in others boroughs, the need to attract business may over-ride the need for houses.

One authority that has already weighed up the issues is Islington, in north London, which straddles an area where both offices and housing are in high demand. The borough has already given planning permission for a couple of schemes to covert office sites into student hostels. City University, for example, is planning to use Glaxo's former offices and laboratories as accommodation for its students.

In principle, Islington welcomes such schemes. Mr Bert Newbrook, the borough's assistant head of planning, says the proposals to build hostels instead of more offices takes pressure off the housing stock and also gives a boost to small shops in fringe areas. Conversion into hostels is a particularly suitable proposition for former offices largely because hostels have no need for gardens or garages.

Nonetheless, hostels can be unpopular with local residents. A proposal by Rosehaugh Copartnership to convert an office courtyard scheme in Tyndale Terrace, Islington, into a student hostel for the Polytechnic of Central London may yet be rejected by Islington planning committee when it considers the application next week. "The committee has no problem with the principle," says Mr Newbrook. "But the residents are very fearful of the noise the students will make."

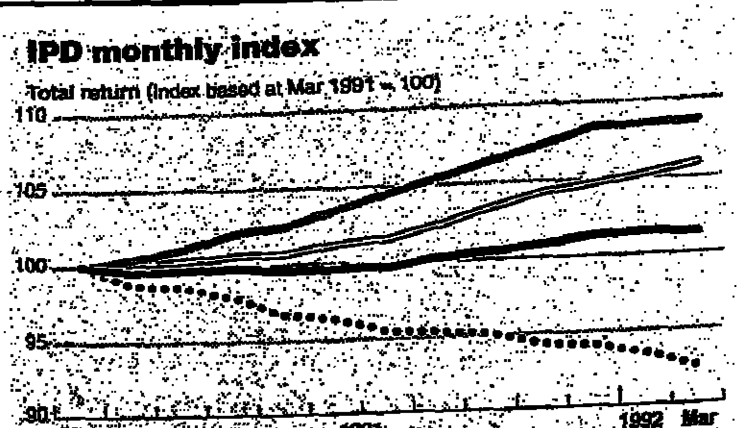
These first tentative steps towards finding other uses for offices show just how complicated the exercise can be. Conversion work can be expensive, unpopular and unsuitable, with many potential sites or buildings ruled out by their location or design. Moreover, many developers are unwilling to countenance such a radical change of land use while there is any prospect of a recovery in land values.

For all that, a more realistic approach to new development proposals, along with the conversion of a small proportion of existing office buildings, could make a significant inroad into the problem of over-supply that is afflicting the office market. Then, says Mr Stuart Lipton of Stanhope Properties, the surplus of poor quality space will disappear. "The property market is like a fruit market: the bad products will be turned into juice."

Fewer offices and more housing could bring an even deeper benefit to the London office market. In particular, it could address the potential threat to London posed by many companies' difficulties in retaining a workforce fed up with high house prices and lengthy, unreliable journeys to work.

IPD monthly index

Total return (index based at Mar 1991 = 100)



Monthly change (index based at Dec 1986 = 100)

	Mar 1992	Feb 1992	Change
IPD	167.04	167.15	-0.11
Retail	152.11	151.18	0.82
Office	161.97	163.53	-1.56
Industrial	232.51	232.14	0.37

IPD / Retail / Office / Industrial

A turn for the worse

Returns on commercial property turned negative in March for the first time since last August, according to the Investment Property Databank, a research group.

Yields moved outwards, reflecting the continued downward pressure on rental and capital values as well as the climate of pre-election uncertainty.

Rental values were cut by a further point in March, after falling by a percentage point in February. Capital values fell by 0.7 per cent, their worst single month's result since last July.

The quarterly figures also deteriorated. In the three months to March, rental growth fell from -1.5 per cent to -2.3 per cent, capital growth dropped from -0.9 per cent to -1.7 per cent, and total returns declined from 1.1 per cent to 0.3 per cent.

The year-on-year total return of 1.2 per cent improved, although at a slowing rate compared with late 1991.

Retail outperformed the industrial sector, with total returns of 0.6 per cent and 0.2 per cent, respectively.

The total return for the office sector was -1 per cent, which is the lowest monthly return since last July.

During March, the retail sector's rental values dropped by another 0.2 per cent and the equivalent yield increased from 8.6 per cent to 8.8 per cent.

INTERNATIONAL PROPERTY

Viewers take the starring role

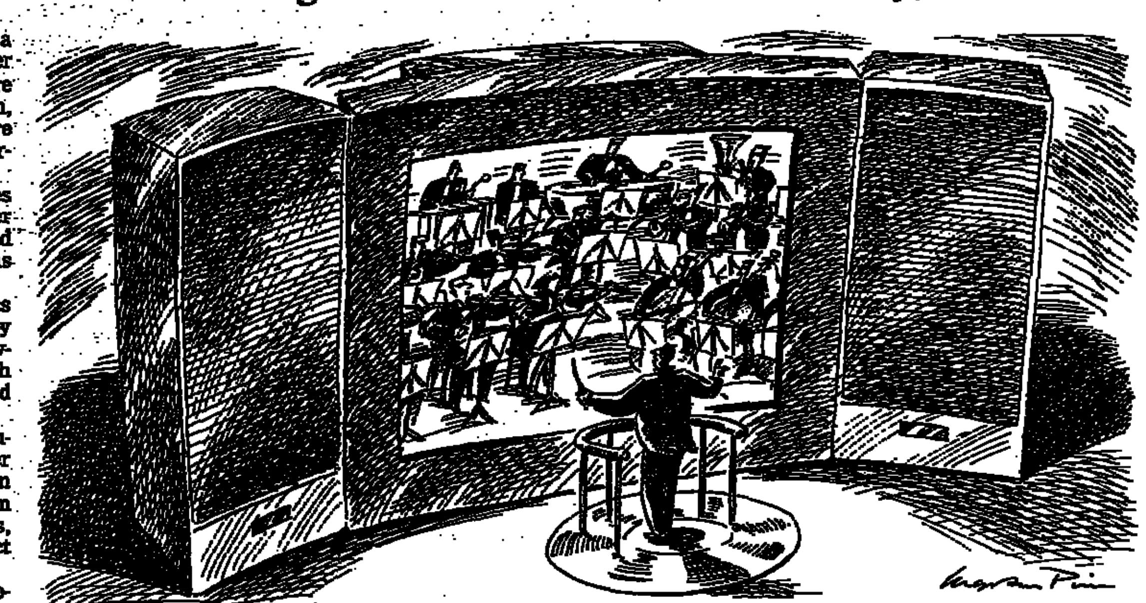
Compact discs for television go on sale in Britain on Monday, writes Michiyo Nakamoto

Whether you are a couch potato or prefer to spend your leisure time in the garden, the television set is likely to feature prominently as a source of entertainment and information.

But in spite of all the advances made in television technology over the years, one thing has remained the same – watching TV has always been a passive experience.

Philips, the Dutch electronics group, hopes to remedy this by bringing an element of "interactivity" to the television screen through a new entertainment system called *Compact Disc Interactive*.

CD-I, which has been sold exclusively in the US since November and is being launched in the UK on Monday, is a multimedia system combining animation, graphics, text, video and audio on a compact disc.



The machine which plays the programmes is similar to a standard audio CD-player but is connected to the television instead. It can also be connected to a stereo system to achieve superior sound.

What differentiates CD-I from other entertainment media that use the TV screen, such as video recorders or laser disc players, is that CD-I enables the viewer to manipulate the material using a remote-controlled device.

Instead of a programme running from beginning to end as it would on TV or video, CD-I discs have several layers of material hidden behind what is shown on the screen. This can be tapped into using a remote control unit similar to a mouse used for computers. It can move easily from a drawing of an engine, for example, to a textual description and on again to a still photograph of the engine. The images can also appear on the screen at one time.

CD-I is a digital system that uses memory chips and a powerful microprocessor which acts as its "brain". Like a computer, a CD-I disc and player can:

- Store and process an enormous amount of information. The five-inch 650 Mbyte CDs can store up to 250,000 typed pages of text, more than 7,000 photographic quality images, 19 hours of speech and four planes of visual effects.
- Provide instant access to material anywhere on the disc. Unlike video tapes, which are analogue, digital discs allow random access to the material contained in it. Just as users can move from one track of a CD to another without going through the tedious fast forward sequence of a tape, it is possible to move instantly from one part of a CD-I programme to another.
- Present different types of information, from text to video, simultaneously. CD-I is a multimedia system in which a video picture can be combined with a text and a graphic illustration of a related subject on the screen at the same time. Proponents of multimedia say that this simultaneous presentation of material is closer to the way we use our various senses to perceive the world around us.
- Allow the user to alter the material on the screen. The microprocessor "brain" that runs the CD-I disc also gives it the interactive dimension. For example, in certain programmes users can choose the colour of the graphics. In a music programme a particular musical piece can be heard on piano, violin or flute.

CD-I is thus one of the earliest products that brings together computers and consumer electronics, a convergence that the electronics industry has been anticipating for some time.

But what, by bringing computer elements to the TV, does CD-I offer that other media do not?

To some extent, it combines the functions of pre-recorded video tapes and laser discs. Karaoke, video and computer games, music lessons and children's educational programmes are among the programmes Philips has lined up.

Philips, however, sees the attraction of CD-I primarily in being an entirely new entertainment experience because it gives users greater involvement in and control over the software.

For example, in Treasures of the Smithsonian, a programme organised as a tour through the 13 Washington museums and the National Zoo, the user can spend as much time in any one part of the museum as they like and browse or navigate through the museum at their own pace, much as they would in real life.

They can also jump from one room in the museum to another room at the other end of the complex, in an instant. Additional information on each of the exhibits can be called to the screen by using the remote control unit.

One thing CD-I does not do is to provide full-motion video, which would bring feature films on compact discs. Currently video is restricted to a small portion of the screen but Philips is bringing out a version capable of transmitting video over the full screen later this year.

Future applications could bring interactive films and magazines which might even be linked to real-time television programming.

But by being so many different things at the same time, the system risks confusing its audience. Multimedia has been described as a technology looking for a role.

Philips' biggest challenge in selling its multimedia system may be to convince people why, on a lazy Sunday afternoon, they should want to interact with their TV anyway.

Games people play

PHILIPS is counting on CD-interactive to help boost its sagging consumer electronics business. But the success of its multimedia entertainment system depends largely on the availability of good software. Consumers must have enough interesting material to play on their CD-I machines or they will not purchase the hardware.

"Our job is to create experiences that are so compelling that it will make people want to engage in them," says Bernard Luskin, president of Philips Interactive Media of America (Pima), the software subsidiary set up to produce programmes especially for CD-I.

Philips has signed up 40 co-publishers to help with the task, including Time-Life Books, Rand McNally and the Children's Television Workshop, which produces Sesame Street, the long-running television series.

Gaston Bastiaens, director of interactive media systems at Philips, is confident that film production companies and record businesses which own software rights will want to produce CD-I titles as another way of exploiting their assets.

Pima has so far made about 50 CD-I titles. These have involved producers, developers and publishers working together. Production costs range from $150,000 to $350,000 for each programme.

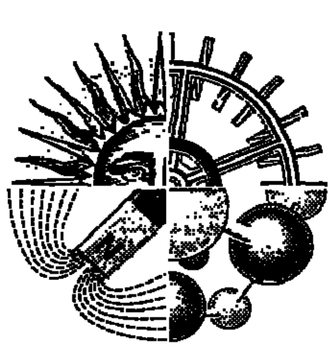
Like many other consumer electronics manufacturers, Philips expects software to be an increasingly important source of revenue. Although it is licensing its CD-I technology to several Japanese manufacturers, it is the software that will drive the profits, according to Bastiaens. Philips is committing itself to subsidising an entirely new segment in the software industry in order to support its new technology.

Producing the software is expensive due to the vast amount of material that goes into each title, and the amount of time it takes to make one programme. Sales are not high enough yet for Philips to want to reveal figures, but CD-I is not expected to bring in much revenue for at least another two or three years.

In the meantime, Philips faces the time-consuming and costly process of convincing consumers that its interactive media is worth spending £599 for a player and £15-£35 for a single disc.

MN

Worth Watching · Paul Taylor



The baby PC with grown-up features

Portable computers have been shrinking in size ever since they were introduced in the early 1980s. But compared with the desktop PC, pocket or hand-held machines still represent an uneasy compromise in terms of screen size, keyboard and compatibility.

Vortek, part of the the Korean Samsung group, believes it has found the answer by developing the first A5-sized portable, dubbed the Handbook PC.

The machine, which comes with a hard disc and 2Mbytes of memory, weighs 1kg and is half the size of conventional notebook PCs. Using its sophisticated power management features the machine can run for up to four hours with five AA-sized alkaline or rechargeable batteries.

The Handbook can work with Microsoft Windows software and standard Dos applications as well as its built-in personal organiser functions. It goes on sale next month and will cost around £1,500. Vortek: UK, 081 569 7513.

Early warning to put safety first

The Cullen Inquiry into the Piper Alpha disaster in 1988 found that if the public address system on Piper Alpha had not failed, more lives could have been saved, *writes Ian Holdsworth.*

A new kind of PA system, billed as "explosion-proof", has been developed and is being installed by the Chevron oil company on its new Alba oil platform in the North Sea. The system, made by Spector/Lumenex of Nottingham, has been designed to exceed the safety requirements laid down by Lord Cullen.

It has two principal features. First, it can work in a gas-filled environment without any danger of causing an explosion. Conventional systems have to be switched off during a gas alarm – when they are most needed – because of the risk of ignition from the electric current. Second, every part of the PA system is duplicated so that if any piece is destroyed the rest will continue to work. Spector/Lumenex: UK, 0602 608052.

Shrinking camera put in the picture

Last year the snap-happy Japanese bought some 50m single-use cameras, making Japan the biggest market for "disposable" cameras.

Now Konica, the Japanese camera maker, has launched what it claims is the world's smallest disposable camera, which is the size of a packet of cigarettes and weighs in at 75 grams (2.6 ounces) without flash and 120 grams (4.2 ounces) with. Konica said this makes it about 30 per cent smaller and 20 grams (0.7 ounces) lighter than current models.

Initially the camera will be on sale only in Japan, at Y1,800 (£7.65) with flash or Y1,000 without. Konica: Japan, 03 349 5251.

Extending help to the leaning tower

The leaning tower of Pisa is not only leaning, it's also revolving according to initial findings emerging from data collected by the UK-based Building Research Establishment which is monitoring the tower's movements for the Italian authorities.

BRE has installed electrolevels, originally developed for aircraft navigation, to detect movements of the tower, some of which have not been observed before.

An electrolevel consists of a glass phial containing an electrolytic fluid and three electrodes, spaced at equal distances along its length. As the phial tilts, the quantities of fluid between the electrodes change and the electrical resistance between them is altered. The gives a measure of the rotation.

When work to stabilise the tower begins, the data from the BRE instruments will be used to give early warning of any changes in the tower's tilt. BRE: UK, 0923 664081.

PUBLIC NOTICES

European Patent Organisation

1992 Essay Competition

"Patents and Ethics"
in the context of modern technology

An essay competition is to be held on the above subject. Two prizes (DM 15 000 and 10 000) will be awarded to scientific papers in each of two categories (Group A: external candidates; Group B: patent office staff). Entries must be unpublished and should be no more than 30 A4 typescript pages long (1 1/2 line spacing).

- The competition is open to anyone who is a national of, or works in, one of the 16 Member States of the European Patent Organisation*, including staff at the national patent offices and the European Patent Office.
- A jury will decide which entries should be awarded prizes. The judges' decision will be final. The prizes may be divided between more than one candidate.

Entries (in manuscript, on magnetic tape or as a video cassette) should be in English, French or German and accompanied by a summary no more than two pages long. Both entry and summary should be submitted **in a sealed envelope marked with a codeword (not the candidate's name)**. The candidate's particulars and a photograph should be enclosed separately. The closing date is 31 August 1992 and the address to send entries to is the European Patent Office, "1992 Essay Competition", Erhardtstr. 27, D-8000 Munich 2.

The prizes will be awarded in Munich in the autumn of 1992.

* Austria, Belgium, Denmark, France, Germany, Greece, Italy, Liechtenstein, Luxembourg, Monaco, the Netherlands, Portugal, Sweden, Spain, Switzerland and the United Kingdom.

COMPANY NOTICES

NOTICE OF MEETING
Notice of meeting of Marine and General Mutual Life Assurance Society.

NOTICE IS HEREBY GIVEN to the Members that the 140th Annual General Meeting of the Society will be held at M&GM House, Horne Road, Worthing, West Sussex, on Wednesday, 27 May 1992, at 12.30 p.m. for the following purposes.

1. To receive the Directors' Report and Financial Statements for the year ended 31 December 1991.
2. To consider the election of directors.
3. To reappoint KPMG Peat Marwick as auditors of the Society and to authorise the directors to fix their remuneration.
4. To transact any other business.

By Order of the Board
J. Sutton, Secretary
25 March 1992

Each member may attend and vote in person or by proxy meetings of the Society. A proxy need not be a member of the Society.

LEGAL NOTICES

Company No: 2545451. Registered in England
DIGITAL DESIGN SERVICES LIMITED
NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at: The Atlantic Tower Hotel, Chapel Street, Liverpool on 1 May 1992 at 11:00 am. for the purpose of having laid before it a copy of the report prepared by the Joint Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act. Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Others creditors are only entitled to vote if:
(a) they have delivered to us at the address shown below, no later than noon on 30 April 1992, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.
Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.
Dated this 12 day of February 1992.
J P Considine, Joint Administrative Receiver, Cork Gully, Churchill House, Churchill Way, Cardiff CF1 4XQ

Company No: 1844458
Registered in England & Wales
INSOLVENCY ACT 1986
Resolutions of
IAN SINGLE PRODUCTIONS LIMITED
PASSED
At an extraordinary general meeting of the above named company duly convened and held at Shelley House, 3 Noble Street, London EC2V 7DQ on 9 April 1992 the following resolutions were passed: No 1 as an extraordinary resolution and No 2 as an ordinary resolution:
1 That it has been proved to the satisfaction of this meeting that the company cannot, by reason of its liabilities, continue its business and that it is advisable to wind up the same and THAT accordingly the company be wound up voluntarily
2 THAT, JCM Bishop of Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ be and is, hereby appointed liquidator of the company.
Dated 9th April 1992 Chairman Ian Single
At a meeting of creditors held on 9/4/92 the creditors confirmed the appointment of J C M Bishop as liquidator.

Extraordinary Resolution Pursuant to Section 378(1) of the Companies Act 1985 and Section 84 of the Insolvency Act 1986
Company No: 2259708
B J GOODMAN LIMITED
Passed: 2 April 1992
At an Extraordinary General Meeting of the members of above-named Company, duly convened and held at Midland Bank Chambers, 62 High Street, March, Cambs on 2 April 1992, the following EXTRAORDINARY RESOLUTION was duly passed: - That it has been proved to the satisfaction of this meeting that the company cannot, by reason of its liabilities, continue its business, and that it is advisable to wind up the same, and accordingly that the company be wound up voluntarily, and that Neville Richard Eckley of Midland Bank Chambers, 62 High Street, March, Cambs. be and he is hereby nominated Liquidator for the purpose of the winding-up.
B J Goodman Chairman of the Meeting

NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS
FIRST COVER LIMITED
Registration number: 1708798.
Trading Name: First Cover Limited
Trade Classification: 4724.
Names and Addresses of Joint Administrative Receivers:
Nigel Ruddock, The Galleria, Station Road, Crawley, West Sussex RH10 1HY
Neil Hunter Cooper, The Galleria, Station Road, Crawley, West Sussex RH10 1HY
Date of Appointment: 15th April 1992.
By whom Appointed: Lloyds Bank PLC
Date of Charge: 31 March 1992
Nature of Charge: Debenture conferring fixed and floating charges.
N. Ruddock and N. H. Cooper.
Joint Administrative Receivers

Company No: 1748496
Registered in England & Wales
INSOLVENCY ACT 1986
Resolutions of
IAN SINGLE FILM COMPANY LIMITED
PASSED
At an extraordinary general meeting of the above named company duly convened and held at Shelley House, 3 Noble Street, London EC2V 7DQ on 9 April 1992 the following resolutions were passed: No 1 as an extraordinary resolution and No 2 as an ordinary resolution:
1 That it has been proved to the satisfaction of this meeting that the company cannot, by reason of its liabilities, continue its business and that it is advisable to wind up the same and THAT accordingly the company be wound up voluntarily
2 THAT, JCM Bishop of Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ be and is hereby appointed liquidator of the company.
Dated 9th April 1992 Chairman Ian Single
At a meeting of creditors held on 9/4/92 the creditors confirmed the appointment of J C M Bishop as liquidator.

B J GOODMAN LIMITED
At a meeting of creditors held on 2 April 1992 the creditors appointed R M Addy and N R Godden of Cork Gully, Mount Pleasant House, Huntington Road, Cambridge, CB3 0BL to act as joint liquidators in place of the liquidator appointed by the company.
DATED this 2nd day of April 1992.
Chairman

INSOLVENCY ACT 1986
REGENT LEASING LIMITED
NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a Meeting of Creditors of the above-named Company will be held at Grant Thornton House, Melton Street, Euston Square, London NW1 2EP on 27th April 1992 at 11.00 a.m. for the purposes provided for in Sections 100 and 101 of said Act. Information concerning the company or its affairs will be available free of charge, from the offices of Scott Barnes, a licensed insolvency practitioner, of Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP during the period up to the meeting of creditors.
PETER GARNER, Director. Dated this 9th April 1992.

Company Number: 1844458
IAN SINGLE PRODUCTIONS LIMITED
Previous name of company: Freshlot Limited
Nature of busines: Dealers in films & video productions.
Type of liquidation (creditors). Address of registered office: Shelley House, 3 Noble Street, London EC2V 7DQ. Liquidator(s) name(s) and address(es): J C M Bishop, Shelley House, 3 Noble Street, London EC2V 7DQ
Office holder number(s): 1281
Date of appointment: 9 April 1992.
By whom appointed Members & creditors
J C M Bishop (Liquidator(s)) Date 13/4/92

Notice of Creditors' Meeting under section 48(2) of the Insolvency Action 1986
Registered Number 1297370
Registered in England and Wales
NEWMARKET ROOFING LIMITED
NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at Mount Pleasant House, Huntingdon road, Cambridge, CB3 0BL at 10.30 am on Monday, 27 April 1992 for the purpose of having laid before it a copy of the report prepared by the Joint Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.
A proxy form is sent herewith. Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:
(a) they have delivered to me at the address shown below, no later than 1200 hours on Friday, 24 April 1992 written details of the debt they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with me any proxy which the creditor intends to be used on his behalf.
Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.
Signed: R M Addy, Joint Administrative Receiver Date: 10 April 1992.
Cork Gully, Mount Pleasant House, Huntingdon Road, Cambridge, CB3 0BL.

Notice of appointment of Joint Administrative Receivers
MERCIA SPORTS & LEISURE (RETAIL) LIMITED
Registered number: 00429580. Nature of business: Retail sales of sportswear and equipment. Trade classification: 22. Date of appointment of joint administrative receivers: 14 April 1992. Name of person appointing the joint administrative receivers: National Westminster Bank PLC, Creditwatch
DAVID JOHN CORNEY and IAN NAPIER CARRUTHERS, Joint Administrative Receivers (Office holder nos 60 and 814) Cork Gully, 43 Temple Row, Birmingham B2 5JT

Company Number: 1748496
IAN SINGLE FILM COMPANY LIMITED
previous name of company: Nesslake Limited. Nature of business: Dealers in television, film & radio.
Type of liquidation (creditors). Address of registered office: Shelley House, 3 Noble Street, London EC2V 7DQ. Liquidator(s) name(s) and address(es): J C M Bishop, Shelley House, 3 Noble Street, London EC2V 7DQ
Office holder number(s): 1281
Date of appointment: 9 April 1992.
By whom appointed Creditors & memebers
J C M Bishop (Liquidator(s)) Date 13/4/92

FT LAW REPORTS

Digest of Hilary Term cases

DAVY OFFSHORE LTD v *EMERALD FIELD* CONTRACTING LTD
(FT, January 28)

The plaintiff, Davy, agreed to supply a floating production facility and single point mooring to the defendant, Emerald, which was a contractor to supply equipment and services to licensees of the right to explore and extract oil from the Emerald Oil field in the North Sea. The scheme entailed that Davy was to produce the various listed documents to Emerald which then had to issue the completion certificate, sign the final stage certificate, and obtain a section 10 certificate under the 1972 Industry Act. The documents would then be returned to Davy which would present them to the bank under the letter of credit. Payment by the bank was to be postponed for five working days after presentation and acceptance of documents. Giving judgment for Davy on the contractual intention as to the point at which title should pass, Mr Justice Hobhouse stated that it was Davy's drawing under the letter of credit that satisfied the condition to passing of title.

THE BERGE SUND
(FT, January 31)

A charterparty provided that the master, although in the owners' employ, "shall observe the orders of the charterers as regards employment of the vessel". An off-hire clause provided that hire should cease for loss of time "not caused by charterers' fault ... due to repairs, breakdown, accident or damage to the vessel, collision, standing, fire, interference by authorities or any other cause ... preventing the efficient working of the vessel ...." The vessel carried a contaminated cargo and loading was delayed until the tanks were cleaned. The arbitration dispute concerned the delay and the charterers claimed back hire paid for that period. The arbitrators awarded $600,002 to the charterers, stating that they were unable to make a definite finding as to the cause of the failure of the corrosion test. The owners, on the other hand, contended that the delay was caused by the the charterers who had chosen to employ the vessel in shipping dangerous cargo. Dismissing the owners' appeal against the award, Mr Justice Steyn stated that there had been no express finding that loss of time resulted directly from compliance with charterers' orders.

IN RE BISHOPSGATE INVESTMENT MANAGEMENT LTD MIRROR GROUP NEWSPAPERS AND OTHERS v *MAXWELL AND OTHERS*
(FT, February 4)

Dismissing the appeal by Kevin Maxwell (and others) against Mr Justice Hoffmann's decision that he must answer questions put to him by the provisional liquidator of Bishopsgate Management Ltd, Lord Justice Dillon said that the Court of Appeal agreed with the approach of Mr Justice Vinelott in the case of Levitt (FT, October 29 1991), where he stated that the provisions of the 1986 Insolvency Act must be looked at as a whole to ascertain the purpose of an examination under section 236, and whether that purpose necessarily involved abrogation of the privilege against self-incrimination. There Vinelott J said: "To answer that question, the court must ask whether there is any public interest in ensuring that the inquiry was carried out thoroughly and expeditiously." Part of the mischief in the old law was its apparent inability to deal adequately with dishonesty or malpractice on the part of bankrupts or company directors. By the 1986 Act, parliament had acted to allay public concern and, with the assistance of the court, had extended greatly the investigative powers available to appointed office-holders.

GIROZENTRALE UND BANK DER OESTERREICHISCHEN SPARKASSEN AKTIENGESELLSCHAFT & OTHERS v THE TOSG TRUST FUND LTD
(FT, February 5)

The nine plaintiff banks appealed against a decision that the defendant, the Tosg Trust Fund Ltd (incorporated in 1970 by members of an unincorporated association, the Tour Operators Study Group [Tosg]), was entitled to use money advanced by the banks for purposes other than in connection with claims against members of the Tour Operators' Study Group. In allowing the appeal, the Court of Appeal stated that in so far as monies had been expended in alleviating the consequences of failure to customers of subsidiaries of a holding company, Travel, they were not expended in the performance of the Fund's rights, duties, powers or discretions set out in its memorandum of association. When the banks had issued their bond, they had covered one company only, namely Travel, and had exposed themselves to the risk of failure of Travel which, in the present case, was the only Tosg member. Thus the banks' exposure in the present case could not be affected or extended by something of which they knew nothing.

STANDARD CHARTERED BANK AND ANOTHER v WALKER AND ANOTHER
(FT, February 7)

The banks proposed the reconstruction of Brent Walker and sought injunctions requiring the defendants to vote in favour of, or restraining them from voting against, resolutions at an extraordinary general meeting. The banks believed that if the restructuring arrangements were not approved, Brent Walker's collapse would be inevitable and the shares would be worthless. In giving judgment for the banks, Mr Justice Vinelott stated that, in appropriate and rare circumstances, the court had the jurisdiction, however it was described, to restrain conduct which would destroy property over which a debtor had given a charge. It was only in an extreme case that the court would interfere by injunction with the exercise by a shareholder/debtor of the voting right attached to his own shares. However, in the present case, the banks had shown that the obstruction of the reconstruction proposals would amount to the wilful dissipation of assets which, consistent with Mareva principles, the court had jurisdiction to prevent happening.

GOMBA HOLDINGS (UK) LTD v *MINORIES FINANCE*
(FT, February 11)

Minories Finance made substantial advances to the mortgagors under debentures, guarantees and mortgages. Demands for repayment were not met and joint receivers of the assets were appointed. After having raised sufficient funds to meet their liabilities, the receivers were discharged but there were outstanding disputes as to the accounts. The mortgagors served notice of their objections to the accounts submitted, including "unreasonable and/or improper amount". Mr Justice Vinelott declared *inter alia* that the mortgagors were not entitled to object to non-litigation items on the ground that they were unreasonable. Allowing part of the mortgagors' appeal, the Court of Appeal stated that the effect under Order 62 Rules 19 and 24 was that if an account contained items of litigation or non-litigation costs, they could be referred to a taxing master for him to decide what amount was recoverable. The mortgagors were entitled to object to items that they said were unreasonable but any doubts were to be resolved in favour of Minories.

ITALIA EXPRESS
(FT, February 12)

After the assured, Mr Ventouris, had served notice on the underwriters for total loss of the vessel Italia Express under a War Risks insurance policy, the underwriters did not dispute that the loss fell within one of the insured perils. Their sole defence was that the loss was caused by Mr Ventouris's wilful misconduct. On the 37th day of the trial, the underwriters withdrew those allegations. The present issues related to damages and Mr Ventouris claimed special or general damages for (a) loss of income which would have been earned by a replacement vessel; (b) loss of increase in capital value of a replacement vessel; and (c) damages for hardship, inconvenience and mental distress. The underwriters contended that such damages were irrecoverable in principle, and that those claimed under (c) were in any event not sustainable. Upholding that damages were not to be awarded under (c), Mr Justice Hirst stated that such claims were only recoverable in the case of a contract to provide peace of mind or freedom from distress. A marine insurance contract was not of that character.

Aviva Golden

PEOPLE

Virani brothers leave Control Securities

Nazmu, Zul, and Silu Virani are leaving the board of Control Securities, the property and leisure group which they rescued from the brink of liquidation in 1985.

Although the brothers still own about 11 per cent of the company, it announced yesterday that they would step down as directors and executives.

Trading in the company's shares has been suspended since October, when the Serious Fraud Office – investigating the collapse of the Bank of Credit and Commerce International – led a raid on the homes of the Virani brothers and Control's offices. Nazmu has been charged with involvement in a false accounting conspiracy.

Nazmu has often been cited as the force behind the Virani success, but colleagues say the younger, lower-profile brothers have also been vital. They, like Nazmu, fled Idi Amin's Uganda in fear of their lives 20 years ago, having left behind a land-based wealth worth millions.

Starting with a supermarket in Dulwich, London, the family business rapidly grew to become a property and leisure empire comprising 24 hotels, a brewery and 800 pubs.

The Virani family is now worth more than £80m and Nazmu alone ranks among the wealthiest 100 people in the UK. However, the family's involvement in the pub business has raised some controversy within the Islam community – the brothers are all devout Ismaili Muslims – as drinking alcoholic beverages is strictly forbidden. Nazmu dismisses such concerns, saying his religion does not forbid him to make money.

Zul, a small stocky man, held the post of managing director of the leisure division. This became the powerhouse of Control's growth following the collapse of the property market. Lean and lanky, Silu was the man behind Control's property successes in the heady days of the 1980s.

Their resignations, along with Nazmu's, appear to have been the price which Control must pay to achieve a relisting. The Stock Exchange says this now depends on information regarding their successors.

■ Barbara Manfrey, formerly joint md of EM Warburg, Pincus & Co International, has been appointed a director of APAX PARTNERS & CO VENTURES.

■ John Bennett has been appointed head of compliance for Hill Samuel and a director of HILL SAMUEL BANK; he moves from Citibank.

■ KLEINWORT BENSON SECURITIES has appointed as directors Richard Allan, Yashwant Bajaj, Julian Brown, Edward Cumming-Bruce, Andrew Edmond, Albert Edwards, Maxwell Elvidge, Simon Fine, Robert Fowlds, Martin Graham, Peter Isard, Simon Mould, Darren Smith, Mark Stokes, and Simon Toller. KLEINWORT BENSON INVESTMENT MANAGEMENT has appointed as directors David Felder, Keith Hamilton, Nigel Lanning, Stephen Renals and William Steel.

■ Brian Carter and Graham Lowe have been promoted to become finance director and sales director, respectively, of ABBEY NATIONAL FINANCIAL SERVICES.

■ Christopher Norris has been appointed a director of WINTRUST SECURITIES.

■ Robert Davis has resigned from SMITH NEW COURT.

■ Masahito Omachi has returned to London as md and chief executive officer of NIKKO EUROPE in place of Isao Sakuraba who has returned to Japan. Koji Mitsumori has been appointed md of the European administration division in place of Kunihiko Inagaki who has also returned to Japan. Akihisa Furuno has been appointed company secretary.

Rhodes resigns from BET

Phillip Rhodes, a director of BET since 1989, resigned yesterday from the business services group.

He had been in charge of strategic planning until a year ago, when institutions installed American John Clark as the new chief executive in a management overhaul designed to counter the company's dismal performance.

On his arrival, Clark, who had been chief executive of San Francisco-based Core-Mark International, put a Core-Mark colleague, Keith Payne, in charge of strategic planning.

Rhodes, 45, who was still in his office yesterday, refused to comment on the reasons for or timing of his resignation, or to say whether he had found alternative employment. For the past year he has been in charge of environmental, catering and contract services. Before joining BET, he had worked for Guinness.

Hanson man for Hadleigh

HADLEIGH INDUSTRIES, the troubled USM-quoted mini-conglomerate which had substantially to restate the size of its interim losses last month, has hired a man from Hanson to help put its finances in order.

Nigel Davis, 38, who has spent 11 years with various Hanson subsidiaries, has been appointed finance director in place of David Maddison who resigned after the company was forced to restate its first half pre-tax losses from £283,000 to £535,000.

The company, whose shares have fallen from a peak of 228p to 52p, has also added an independent outsider to a board of directors which has seen an unusually heavy turnover since the company came to the market three years ago.

John Pickard, 62, a former chief executive of Serck Group and F H Lloyd and currently deputy chairman of Bimec Industries, has joined the company as a non-executive director.

Hadleigh plans to add an additional non-executive director in May but the company has made no progress in replacing Brian Lowery, the chief executive of its engineering division, who resigned earlier this year.

East through west, home's best

Indulging in its own minor form of devolution, the Royal Bank of Scotland is expanding its treasury and capital markets operations north of the border, putting 45-year-old Scotsman Bill McKay in charge of trading and sales for Scotland.

McKay, who set up the bank's trading room in New York in 1978 and later had a stint in Hong Kong, has moved north at a time, he believes, when Scottish fund managers, insurers and industrial companies have advanced hugely in the sophistication of their foreign exchange and interest rate risk management. He will report to Tim Goode, director of treasury and capital markets in London, who says the move demonstrates that "we plan to have the best treasury and capital markets operation in Scotland". It has yet to be decided whether the expanded outfit will be centred in Glasgow, with the foreign exchange operations, or in Edinburgh, where sterling money market activities have been located.

Proximity to customers is the name of the game, according to McKay – as well as being Scottish. "All things being equal, most institutions north of the border would rather deal with a Scottish dealing room." Making his 18 or so dealers as efficient and speedy as the 60 odd traders in London will be part of his task.

BANKING FINANCE & GENERAL

Royal Shakespeare Theatre, Stratford-upon-Avon

As You Like It

David Thacker's new RSC production begins in darkness, *and ends in light*: at least he has got one thing right. Duke Frederick's court is incarcerated in black marble, with the men all in shiny black *greatcoats and boots* (it looked at first as though the RSC had returned to the black-leather mode of yesteryear), Rosalind and Celia tight-buttoned in *dresses of an indeterminate* period. From this fairly heavy-handed start, one waited for some definite view of the play to develop and make itself *felt*.

It never did. Once in the Forest of Arden, indeed, we never knew where we were. There was a broad tilted greensward, *suitable for* displaying market produce, and a huge branching tree whose foliage was inadequately disguised for the winter scenes. What kind of charade was being played out remained utterly unclear; it carried no undertones or overtones, nor the least romantic conviction.

A few individually attractive performances floated free, unmoored by any whole dramatic conception.

In the opening confrontation Peter de Jersey's Orlando was appealingly desperate, though even in platform heels brother Oliver (Adrian Lukis) looked hopefully menacing rather than truly nasty. (Later, on his reappearance in the forest, he seemed not merely chastened but lobotomised.)

In the visual circumstances, Duke Frederick (Andrew Jarvis) could only be a comic-book tyrant. The wrestling match was cautious, as if an Equity safety-officer had laid down *firm provisos*. Alfred Burke made a plaintively decent old Adam; the girls remained ciphers so far.

Nobody except poor Adam was *noticeably discommoded* by the Arden winter the exiled Duke (Jeffrey Dench, unvaryingly placid), might have been taking his regular seasonal break. *Gary Yershon has set* "Blow, blow, thou winter wind", like the other songs, as a pop-lusty ballad, academically well-made; he also supplies *big-band Hollywood* triumphal music for the end.

Nor is anybody greatly enlivened by the coming of spring; Yershon's home-from-the-hunt chorus, however, strikes a suddenly fierce, dark note that gets no follow-up. Magic should be easy to come by in Arden, but there was a great dearth of it here.

Phyllida Hancock's Celia is always pleasant and upper-middle genteel, without any touch of the astringency that sharpens the best Celias.

Orlando remains nervously introspective and well-spoken (the more florid speeches tax his diction a little).

Nothing special is done with Touchstone, although Anthony O'Donnell gives him a fine, professionally waspish attack. The shepherds and the rustic sluts are about par for the course.

There is a sterling Jaques from Michael Siberry, much the most striking performance of the evening: strong, uncensorious, philosophically detached but eager for discovery his connoisseur's delight in Touchstone's fantastications is itself delightful. Almost alone, Siberry exemplifies the thoughtful life that ought to inform any creditable *As You Like It*.

And the all-important Rosalind? Well: bobbed hair does not a "Ganymede" make. Samantha Bond's boyish disguise consists of a clinging open-necked shirt and trousers cut as if positively to emphasise her femininity. Her voice is husky but high, and its range narrow-gauge.

Mostly she flutes brightly, with brief bursts of breathy ecstasy which seem to come from a different character, not from this "Ganymede's" secret soul. Understandably, Orlando keeps a wary distance; he would have to be mad to be taken in.

Miss Bond hops from hillock to hillock, struts, poses, flings her arms wide (eventually this routine begins to infect her fellow players too). It took me some time to place this strangely familiar act, but at last the penny dropped: Peter Pan! – Wrong play.

Alastair Muir

Peter de Jersey and Samantha Bond in *As You Like It*

David Murray

In repertory to September 11.

Theatre Royal, Glasgow

Don Giovanni

The last time Scottish Opera tried its hand at *Don Giovanni* it came up with a bizarre show featuring a Giovanni who flounced around the stage like some self-regarding Oscar Wilde so in love with himself that he hardly had time to think about women at all. It did not last long.

Now the company has returned to the opera and on Wednesday at the Theatre Royal, Glasgow, it unveiled its new production, produced and designed by Tom Cairns. This is a staging which at least looks good. A series of abstract designs, mostly curtains slashed by swords or backdrops with suggestively-shaped openings, makes a stylish visual impact, not least in the graveyard scene with its window out on to an unearthly world.

There are also a few symbols brought into play. A crimson pool of light represents spilt blood; a sword thrust into the ground marks the call to vengeance. In the finale a giant hand beckons Giovanni to hell and a pair of wings sticks up out of his dining-room floor. Or were they bananas or phallic symbols? By this point the symbolism was getting obscure. And why, incidentally, was the final sextet truncated with no explanation?.

Unfortunately it will be clear by now that this is one of those productions which poses more questions than it answers. *Little interest is shown in the* characters or in getting the drama to come alive. For example, when Giovanni starts to seduce Zerlina, no feeling of sensuality envelops the stage, and for that the blame must be shared between Cairns and the conductor, Robert Dean, a noted Don Giovanni himself at Glyndebourne, but not regrettably a vivid interpreter with the baton.

In the end the sets have the colour, the depth of perspective, the subtlety of atmosphere. Everything that goes on within them is one-dimensional, grey, uninvolving. We know from several other productions that Steven Page can be an effective Don Giovanni, but here he makes little impression. Gidon Saks's Leporello is not sharp enough of wit; David Gwynne needs better intonation as the Commendatore. Glenn Winslade repeats his trusted Don Ottavio. As Masetto, Meurig Davies is sunk in his aria by flabby playing from the pit.

That is an endemic feature of the evening and the sense that the singers as a team needed a stronger guiding hand may explain why the women, too, make a limited effect. Virginia Kerr is the creditable Donna Elvira and Linda McLeod as Donna Anna wields her sword like a true Valkyrie, though she exited after her first aria sounding exhausted by the trial of singing Mozart. Rosemary Joshua alone comes away unscathed, a lyric and appealing Zerlina.

The production is further holed below the water-line by an uncomfortably banal rhyming translation, which has Leporello listing "strumpets and crumpets" in his catalogue, and some strange choreography by Aletta Collins.

The last dance at Giovanni's party seemed to involve each guest sticking a forefinger up his partner's nostril, which may or may not have been symbolic.

What to do with this *Don Giovanni*? The best course would seem to be yet another new production as soon as possible and then these stylish designs could be used for some other opera. Almost any other would do, in fact. And that, I fear, is ultimately half the problem.

Eric Thorburn

Virginia Kerr as Donna Elvira in *Don Giovanni*

Richard Fairman

Theatre Royal, Glasgow 041-332 9000 until 3 June, then on tour. Production sponsored by *The Foundation for Sport* and the Arts.

Obituary

Satyajit Ray

Satyajit Ray, whose death was announced yesterday, was Indian cinema's greatest ambassador to the west. Tomorrow has been declared a public holiday in West Bengal in his honour.

He was born on May 2 1921, to a culturally prominent Bengali family. His father, a writer, painter and photographer, sent him to Calcutta university, after which Ray spent two years studying painting with Rabindranath Tagore. A brief career in advertising took him to London, where he saw and was influenced by the De Sica movie, *Bicycle Thieves*. That experience, followed by a friendship in India with Jean Renoir, for whom Ray worked as a location scout on *The River*, helped shape his style as a film-maker.

Before Ray's Apu Trilogy appeared – *Pather Panchali* (1955), followed by *Aparajito* (1956) and *The World Of Apu* (1959) – India was a country known to foreign filmgoers for its prolific and impenetrable popular cinema.

The tender, diligently-composed naturalism of *Pather Panchali*, based on an Indian book Ray had illustrated during *his years as an artist*, was a synthesis of European cinema's neo-realism with Indian miniature-painting. It was a style which remained throughout Ray's career, subtly inflected to suit the differing moods of his films. It could take on a fantastical-poetic timbre in *The Music Room*. It could be darkened for his portraits of oppressed or freedom-seeking women: *Devi*; *Three Daughters*; *Mahanagar*. Or again his style could be coloured with fairy-tale make-believe in *The Adventures of Goopy and Bagha*,, or *The Golden Fortress*.

As Ray's career progressed, he never quite overcame the charge levelled by some Indian critics, that he was unable to make convincing films outside his own class. The accusation was that when Ray made films set among educated people, or witty talk-pieces like *Days And Nights In The Forest*, he was on home ground; when he *depicted peasant life*, however, as in *Distant Thunder* or the Apu films, he made his characters behave and sound like refugees from the leisured classes, *mysteriously* slumming it in the countryside.

If Ray's success abroad owes as much to a hypothetical blind spot as to the film's visible virtues, at least the virtues include a superbly unostentatious sense of composition, and an ability to coax subtle shadings from performers.

His best films, like *The Music Room and Charulata*, dwell on the human face and voice, flickering with tiny fires of expression.

The films made during Ray's late career declined somewhat in quality. *The Chess Players* was a static parable of colonialism, shot in the gaudy colours Ray had long eschewed. *Home And The World* was a tale of family tensions. *Enemy Of The People* was a disappointingly wooden *Ibsen adaptation*.

However, Ray was ill for many years during this period, and a film-making style already notable for its understatement could hardly take a further depletion of energy. Even at their best, Ray's films were so gently paced that they defeated viewers who might have been natural soulmates. Francois Truffaut walked out of *Pather Panchali* because "nothing was happening." To present-day tastes, *The Adversary, Company Limited* and *The Middle Man*, Ray's caustic trilogy of morality tales about the business world, takes a long, portentous breath to blow *out a few tiny fires of* fraudulence.

Modern film-makers, have been deeply influenced by Ray. James Ivory (whose *Shakespeare Wallah* was homage to Ray) brought Ray's humane and delicate precision to his best work, including his adaptations of E.M. Forster's novels. In the 1960s, Ray's bleakly lyrical realism influenced British New Wave film-makers such as Lindsay Anderson and Karel Reisz.

Realism is currently out of fashion. So, perhaps, is Ray himself. But his best work spoke up for an important cinematic tradition: the one which comes down to us from the Lumiere brothers, the one which believes that the enhanced representation of real life is worth more than all the fast action and trick photography that movies in other moods can give us.

Nigel Andrews

Moving

Hugh Leonard's new play examines the changes which have taken place among the plain people of Ireland in the course of his long career as a dramatist, a career which started in 1954 and has given us 31 stage plays to date.

As Moving opens in 1957, Tom and Ellie Noone have finally become the occupiers of "a house with stairs in it", even though the fact that they will have to pay £4 a week to the bank for the next 20 years fills Ellie with dread. The Noone family has four children, the eldest of whom are *typical Fifties teenagers*, rebelling against the religiosity and nationalism, of their schooling, and the heavy censorship of their films and books. Ellie's mother, an unsober working-class granny – "She'd steal the pattern off a willow plate" – lives with them, causing tension. Tom and Ellie retain family loyalties while priding themselves on a modern outlook.

When Tom Noone's schoolteacher friend, Turvey, feels obliged to feel concerned that Tom's son no longer attends Sunday Mass, Tom Noone is determined to talk it through, and not to play the heavy-handed paterfamilias.

In the second act, instead of presenting the same Noones, timeworn and disillusioned, the clever Mr Leonard presents us with a totally new set of Noones. Tom and Ellie (their essential ordinariness once again brilliantly captured by John Olahan and Anita Reeves) married in 1969 and have two children aged 16 and 18. *The same removals man*, played with comic brio by Johnny Murphy, acts as a king of on-stage chorus, pointing out that although the Noones' moving day in 1987 is supposed to be roughly the same as it was in 1957, it keeps coming out differently. One difference is that granny has her own "bijou home", and in contrast to the earthy survivor of Act One, is a pretentious hypocrite. The inimitable veteran of Irish comedy, Maureen Potter, no longer lurches about in wrinkled stockings, but minces along in a chain-store floral frock. The teenagers are *lovable middle-class* "punks". Turvey, the bachelor teacher, is now overtly gay.

Leonard's observation of the foibles of suburban Dublin remains sharp, as does his concern with the ways in which people relate to their own past. Moving is more than another comedy of manners. It is Leonard's contribution to the debate on Irish identity, a debate which seeks to discover whether Ireland's long overdue adoption of the values of the developed world is a good thing, or whether something irretrievable has been lost. His answer seems to be that as long as people like Tom Noone do not let material wealth swamp their natural optimism, the new Irish will be all right. Would that it were that simple.

Alannah Hopkin

Abbey Theatre, Dublin.

Carnegie Hall, New York

Simon Rattle and the CBSO

Simon Rattle and the City of Birmingham Symphony Orchestra gave three well-attended Carnegie Hall concerts last week. The programmes – big works of 1911-1913, from the orchestra's Towards the Millennium enterprise – have already been reviewed in these pages. Three of the pieces – Ravel's *Daphnis*, Debussy's *Images*, and Stravinsky's *Rite of Spring* – were live manifestations of EMI recordings.

More than once, in London, I have felt that the Birmingham orchestra was a band overpraised – because it has so remarkable a conductor and plays so responsible a civic role. I wondered what people would hear and think in Carnegie, where the Vienna and Berlin Philharmonics, Cleveland, Chicago, and *Boston set standards for* orchestral playing. The LPO came to Carnegie last month, under Franz Welser-Möst, played Beethoven, and by American standards did not play well.

The New York judgment seems to be that the CBSO is an excellent but hyped regional orchestra – as accomplished as the orchestras of, say, Cincinnati, Baltimore, and St. Louis but not, internationally, in the first league: not in respect of string tone or of woodwind virtuosity. The *New York Times* critic put it more strongly: "When the clouds of praise clear away . . . what we hear is an assemblage of very modest skills . . . The wind soloists are undistinguished. The brass is muddy and tends to creak in exposed moments; the strings are dry."

But that was after the first concert. I heard all three and thought that the orchestra as it settled into Carnegie – which, after the recent rebuild, is no longer the welcoming, flattering hall it used to be – began to sound better and better. The strings did bloom in *On hearing the first cuckoo* (an encore); they positively glowed in a movement of *Apollo* (another encore). And the orchestra played often with magical softness, such as American orchestras – even *the New York Philharmonic* under Masur – seldom achieve. It also showed that it could play as loudly as any rivals, but it did not respond to *every f and ff indication with an ffff*.

The only flop performance in a series of eight 1911-13 works (plus four encores) was Pierrot Lunaire, declaimed (in German, not English) and cutely mimed in a spotlight by Elise Ross while the instrumentalists, encouraged by Rattle, played out, eloquently, and drowned her. The only work not worth hearing was Prokofiev's brittle First Piano Concerto. (Forget it unless Richter is the soloist). Nielsen's Sinfonia Espansiva, *Daphnis, Images, Jeux*, and the *Rite* were spellbinding. *Falstaff* was emotionally a knockout to a point where I struggled to stifle sobs distracting to neighbours. Eighty years ago, composers wrote with a richness and thoroughness that makes today's American symphonic lions – Del Tredici, Corigliano, Glass, Reich, Torke, Kernis, Zwilich – seem sadly simple-Simon.

Simon – not the simple one, but the Birmingham Simon with high, serious aims – is a British success story. Nige is another. Mr Kennedy made his New York Philharmonic debut the same week, playing the Sibelius concerto, in Avery *Fisher Hall. For the record, he* wore a black-and-white patched jerkin and prominent red-white-and-blue socks above sneakers, and sported a colourful scarf; a peacock among penguins, he made the New York players, conventionally clad, look dowdy, middle-aged or old.

He played the hell out of the concerto, gave a fearless, high-contrast performance. (Colleagues made comparisons with Huberman, another controversial violinist who put passion above polish.) I thought his performance very exciting. So, evidently, did *Kurt Masur, the responsive* conductor.

Andrew Porter

The CBSO concerts were supported by the British Arts Council, the New York Arts Council, and many private donors.

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

The Athens Concert Hall is staging an Electra cycle over the next two months encompassing drama, dance, *opera and concerts*. The cycle opens on May 2 with a concert of music by the leading contemporary Greek composer, Iannis Xenakis. The Dresden Philharmonic Orchestra arrives on May 14 for a week of performances, including a staging of Richard Strauss' Elektra with Hildegard Behrens in the title role.

Starting on May 22, the Taganka Theatre of Moscow will give a series of performances of Sophocles' Electra, directed by Yuri Lyubimov. A new chamber opera by the Greek composer George Kouroupos will be staged in *early June, followed* by a visit from the Bolshoy Ballet Studio, with a new Electra ballet choreographed by Yuri Grigorovich. In the second half *of June, there will be three* performances of excerpts from the Greek tragedies dealing with Electra by Aeschylus, Sophocles and Euripides. The cycle ends with a series of chamber orchestra concerts (722 5511).

Berlin's annual German-language theatre festival, the Theatertreffen, takes place from May 15 to 29. Visiting productions include Ruth Berghaus' Hamburg staging of Brecht's Jungle of Cities, the Cologne production of Strindberg's Miss Julie and three Viennese shows, including George Tabori's Goldberg Variations. The festival also features productions of Lessing's Emilia Galotti, Buchner's Woyzeck and Botho Strauss' Schlusschor, directed by Luc Bondy (254 890).

Berlin's music programme over the next few weeks is equally well-filled. This weekend the Berlin Philharmonic returns to its newly-repaired home in the Philharmonie with two performances of Gurrelieder (Sun and Mon) conducted by Claudio Abbado. The Deutsche Oper marks the Rossini year with *a new production* of L'Italiana in Algeri staged by Jerome Savary and conducted by Carlo Rizzi (May 3).

■ EXHIBITIONS GUIDE

■ AMSTERDAM

Van Gogh Museum: Beauty and Violence: an exhibition of prints by the Japanese artist Yoshitoshi, marking the centenary of his death. In his early work, he depicted scenes *from everyday life*, but later developed a fascination for horror and cruelty. Ends June 28. Also Masters from the Mesdag Collection: 60 works from the Hague and Barbizon schools, collected by the late 19th century painter of seascapes Hendrik Willem Mesdag. Ends Aug 19. Daily

■ BALTIMORE

Walters Art Gallery: Masterworks of American Impressionism from the Pfeil Collection, tracing the movement's roots in the late Barbizon school of the 1880s through the start of Post-Impressionism in the 1920s, with work by more than 70 artists, including Mary Cassatt and Theodore Robinson. Ends June 14. Closed Mon (600 N Charles St, tel 410-547 9000).

■ LONDON

National Portrait Gallery: GBS In Close Up: portraits and photographs of George Bernard Shaw. Ends July 5. Daily

National Theatre: G L Stampa (1875-1951): theatre drawings and scenes of London life by *the artist who worked for Punch* magazine for more than 50 years. Ends June 6. Closed Sun

Institute of Contemporary Arts: Monumental sculptures by Toshikatsu Endo, one of Japan's foremost contemporary artists, plus abstract paintings by the young Scottish artist Callum Innes. Ends May 24. Daily

Barbican: A Glasgow Print Studio Retrospective: 20th anniversary tribute to the studio which began as a stimulus to Scottish artists and has since won worldwide recognition for its contribution to contemporary printmaking. Ends May 17. Daily

National Gallery: Rembrandt. Advance booking on 071-240 7200. Ends May 24. Daily

Tate Gallery: Otto Dix. Ends May 17. Also David Hockney: Seven Paintings. Ends July 26. Brice Marden (b New York 1938): leading contemporary painter-engraver. Ends June 21. Turner: watercolours and drawings 1830-1840. Ends May 10. Daily

Accademia Italiana: Rediscovering Pompeii: 200 excavated objects offer insight into life in the first century and illustrate how computer technology has revolutionised archeological analysis. Advance booking on 071-379 4444. Ends June 21. Daily

Victoria and Albert Museum: Sovereign: items belonging to the Royal Family which have never been seen in public. Ends Sep 13. Also 350 pieces of 20th century costume jewellery by Chanel, Dior and others. Ends July 5. Daily

Royal Academy of Arts: *Alexander Calder (1898-1976)*: versatile US artist. Ends June 7. Daily.

■ LYON

Musee des Beaux-Arts: The Golden Age of Painting in Flanders and Holland: one of three exhibitions in the Rhone-Alpes region devoted to the 17th century Dutch and Flemish schools. The Lyon collection focuses on portraits and historical scenes by Rembrandt, Rubens and Van Dyck. Other subjects are treated by the museums at Bourg-en-Bresse and Roanne. Ends July 12. Closed Mon and Tues.

■ MADRID

Prado: Caspar David Friedrich: wide-ranging selection of paintings by the great Romantic landscape painter. Ends May 17

Fundacion Juan March: Alexej Jawlensky (1864-1941): retrospective of the Russian painter who was influenced by Matisse, settled in Germany and became friends with Klee and Kandinsky. Ends June 14. Daily

Centro de Arte Reina Sofia: Clyfford Still (1904-80): American abstract expressionist. Ends May 17. Closed Tues.

■ NAPLES

Castel Sant'Elmo and Certosa di San Martino: Jusepe de Ribera: major retrospective of the baroque painter. Ends May 17. Daily.

■ NEW YORK

Metropolitan Museum of Art: *William Harnett, late 19th century* American master of still-life painting. Ends June 14. Helen Levitt: photographs of New York City from the 1930s to the present. *Ends June 28. Closed* Mon

Whitney Museum of American Art: Paul Strand: retrospective of the American photographer. Ends May 17. Also Terry Winters: mid-career survey of the abstract painter. Ends May 10. Closed Mon

■ PARIS

Grand Palais: The Vikings. A long-necked boat, murderous two-edged swords and gold jewels decorated with fabulous animals hidden in intricate foliage are among the 650 exhibits tracing the history of the warriors from the north. Ends July 12. Closed Tues, late closing Wed

Musee d'Art Moderne: Sima (1891-1971): 200 works show the Czech painter participating in all the French avant-garde movements of his time, yet keeping his own recurrent theme of a poetic inner light. Ends June 21. Closed Mon, late closing Wed (11 ave President Wilson)

Didier Imbert Fine Art: Henry Moore: Against the background of the artist's bedroom and living room, reconstituted for the occasion, and surrounded by his collection of African sculptures and drawings and paintings by Cezanne, Seurat and Degas, Moore's work takes on a new and revealing light. Ends July 24. Closed Sun (19 ave Matignon)

Centre Pompidou: Czech Cubism 1910-25: architecture, design, visual arts. Ends May 17 (Galerie du CCI). Also Georges Rouault (1871-1958). Ends May 4 (Grande Galerie). *Closed Tues*

Musee D'Orsay: Guimard (1867-1942): first major exhibition devoted to the art nouveau designer, including furniture, textiles, decorative objects, drawings and architectural examples. Ends July 26. Closed Mon

Grand Palais: Toulouse-Lautrec. Ends June 1. Closed Tues, late opening Wed. Advance booking on 4804 3886 (ave du General Eisenhower). Also Les Lautrec de Lautrec at the Bibliotheque Nationale (1 rue Vivienne, 2e) and other exhibits echoing Lautrec's world at the Musee d'Orsay. Ends May 31. Closed Mon

Louvre Clodion, 18th century French sculptor. Ends June 29. Closed Tues (Hall Napoleon)

■ ROME

Villa Medici: Raphael and his pupils: 150 paintings on loan from the Louvre and other major museums. Ends May 31

■ VALENCIA

Centro Julio Gozalez: Antoni Tapies (b 1923): exhibition of works by the leading Spanish abstract painter. Ends June 7

■ WASHINGTON

National Gallery of Art: Guercino. Ends May 17. Also John Singer Sargent's El Jaleo (1882). Ends July 5. Jacques Callot: etchings and engravings by the early 17th century French printmaker. Ends Sep 7. Daily

Arthur M Sackler Gallery: Masterpieces of Mesopotamian *Art from the Louvre*. Ends Aug 9. Daily

National Museum of Women in the Arts: lace from western Europe and the former Soviet Union on loan from the Museum of Clothing and Lace in Brussels. Ends July 19. Also Women Photographers in Camera Work: 75 works by early 20th century women photographers. Ends Sep 7. Daily

FINANCIAL TIMES

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Don't patent human genes

THE NATIONAL Institutes of Health, the US government's medical research arm, has created turmoil in the biotechnology industry and outrage in academic science by filing almost 3,000 patent applications for human genes whose function is still unknown.

The most prominent casualty of the storm so far is James Watson, who discovered the structure of genes 40 years ago. He resigned last week as head of the US-led Human Genome Project, part of a $3bn international effort to work out the entire genetic blueprint for human beings. Watson's bitter opposition to the NIH patenting policy was a primary reason for his forced resignation.

Although the technical details of the dispute seem esoteric, the financial and medical implications are enormous. A large part of the biotechnology industry in the next century will depend on knowing the detailed sequence of human genes. Converting that knowledge indiscriminately into marketable intellectual property, as NIH is trying to do, would damage the development of the industry. It might also inhibit academic research leading to cures for diseases such as forms of cancer that cannot even be treated today.

International action is needed urgently to sort out the confusion caused by NIH's precipitate action – which was taken with the approval of the Bush administration – and create a new framework for genetic patents. The OECD would be a suitable forum in which to develop an agreement outlawing the indiscriminate patenting of genes. It should still be possible to patent the discovery of individual genes whose function and potential commercial uses are specified.

Pre-emptive strike

Allan Bromley, President Bush's science adviser, defends the US move as a pre-emptive strike to defend the interests of the American taxpayer against private companies which, NIH believed, were preparing to bombard the Patent Office with similar applications. But it has already had a disastrous impact on international co-operation in genetic research.

The UK Medical Research Council, backed by the government, is preparing to retaliate by filing US patent applications next month for more than 1,000 genes discovered by its scientists, using automatic sequencing machines like the NIH researchers. The MRC says it wants an international ban on such patents but in the absence of an agreement it has to "protect the UK position".

Other countries with substantial DNA sequencing programmes – notably Japan, France, Germany and Italy – are not only opposing the US action but also resisting the temptation to retaliate like the MRC by filing their own patents. In characteristic style, Hurbert Curien, the French science minister, took the moral high ground with his declaration that "a patent should not be granted for something that is part of our universal heritage".

National interests

The European countries are angry with the MRC for condemning the NIH and then following its lead. But they are protecting national interests by refusing to send genes discovered by their scientists to an international DNA database which the MRC recently set up in London with EC funding. Their reaction shows how the NIH patent applications are inhibiting the information exchange that should underpin basic medical research.

It is possible, of course, that the US Patent Office will resolve the problem simply by rejecting the NIH and MRC applications, on the ground that they fail to specify a practical use for the genes. If so, the biotechnology industry will breathe an immense sigh of relief. But experts say it would be unwise to count on this, because the US is remarkably liberal in its interpretation of what makes a valid patent.

Biotechnology is already bedevilled by disputes over intellectual property, which have enriched hundreds of patent lawyers over the past decade while inhibiting the development of the industry. But the NIH move on gene fragments brings a threat of patent wars on an even larger scale. It will be in the interests of all parties – even the US taxpayers whose interests NIH claims to protect – to agree that mass-produced genes cannot be patented.

Overhauling the aid agencies

THE THIRD WORLD is confronted by a hotch-potch of agencies anxious to provide funds to encourage its development. But this ad hoc system of development lending looks increasingly ill-equipped to meet the challenges posed by the fall of communism and the shift to more market-friendly economic policies throughout the developing world. Rationalisation is required; what is needed is not fewer agencies but more clarity over their respective roles.

The many institutions in this business were created at different times for different reasons; their roles have been fine-tuned over the years to deal with newly-perceived problems. Together they are responsible for loan commitments of around $40bn a year, about 60 per cent of them made by the Washington-based World Bank.

Beside it are the regional development banks for Asia, Latin America, Africa and, as of last year, Europe. Since the World Bank can only lend under government guarantee, a sister institution, the International Finance Corporation, was created to encourage private sector development in part by lending to private companies.

Most of the banks operate concessionary lending arms for the poorest countries and other funds for special purposes. So does the International Monetary Fund which offers cheap long-term loans for countries undergoing structural adjustment of their economies.

Net recipients

At present, these institutions are getting more from the developing world than they are giving – they are net recipients of resources as borrowing governments pay more in interest and repaid loans than they receive from them. Increasing the amounts to be lent would be desirable, but only under the right conditions.

These would include an improved ability on the part of the lending institutions to channel money to the private sector in developing countries. The current system discriminates against governments wishing to use the private sector to develop their run-down infrastructure. That the World Bank and some of its partners can only lend to governments – and the IFC and other private-sector lending affiliates have insufficient capital – reduces the incentive for Third World states to privatise their utilities.

The institutions should also play a bigger role in the alleviation of poverty and in improving the environment. The World Bank is too big and remote to address the points of detail that are crucial to the success or failure of anti-poverty programmes, such as getting the money to the people who need it.

New questions

There are new questions too about so-called "conditionality", the terms under which loans from the institutions are granted. The ending of the Cold War has raised the question of how much "political" conditionality should be introduced. Whether the existence of democracy, however defined, is an appropriate condition for lending by the IMF and World Bank remains controversial. But whatever the right answer, this conditionality should not bite too deeply. It is, for instance, not sensible for the Inter-American Development Bank to be lending for balance of payments support to a country where the IMF and World Bank are not lending; but there is no reason why it should not lend for a road or poverty-alleviation project.

The regional banks do have a distinctive role to play in offering specialist and informed assistance to private sector activities, many of them quite small in scale, and in helping to promote social welfare programmes. In many fields the World Bank is already too big adequately to monitor the results of its lending.

But to perform these tasks the regional development banks must strengthen their intellectual resources (an area where they compare most unfavourably with the World Bank) and move ahead with administrative reforms.

The reform that is definitely not needed is the replacement of the current fractured system by one overweening development lending institution, whatever some in the World Bank may believe. There is no monopoly on good ideas or good practice.

Building blocks of recovery

Michael Prowse examines the factors fuelling the US's emergence from recession

The US economy seems to be recovering from one of the longest periods of stagnation since the Great Depression. But the pace of growth is sluggish and the US is unlikely to serve as an effective locomotive for the world economy, as it did in the early 1980s.

On the contrary, alarm about adverse trends in Japan and Germany is raising doubts about the outlook for US exports, which have contributed heavily to overall growth in recent years. At the same time, few economists are entirely confident about the domestic revival: a relapse into full-blown recession is not expected, but few forecasters would be shocked if a period of faster growth were followed by another temporary setback.

Last Friday, Mr Alan Greenspan, the Federal Reserve chairman, told the Senate banking committee that a mild recovery appeared to be under way, but he was evidently frustrated at its sluggish pace in spite of repeated cuts in interest rates. "I don't find 2 per cent growth, which is what we're experiencing at this particular stage, adequate," he said.

The International Monetary Fund was also noticeably cautious in its latest economic forecast released this week. Officials say a US recovery seems to be under way but describe it as "modest" and "hesitant". The IMF, like most other forecasters, expects growth to fall far short of the 5-6 per cent annual rate typical of the early stages of past recoveries.

The Fed's anxiety is understandable. After a surprise easing of monetary policy a fortnight ago, the federal funds rate – the cost of overnight money for banks – is 3.75 per cent, the lowest level for a generation. Low rates have stimulated rapid growth of bank reserves. But bank credit remains depressed and M2, the main measure of the money supply, has again dropped to the bottom of its 2.5-6.5 per cent target range. Within a few months of this happening last year, a weak economic recovery had fizzled out.

The Fed is nervous because the economy is behaving strangely. From the Second World War to the Reagan boom of the 1980s, the economy followed a traditional business cycle. During upturns, inflation rose and companies began to accumulate inventories – stocks of unsold goods. Fiscal and monetary policy was then tightened, curbing demand and causing an abrupt liquidation of inventories. After a brief downturn, policies were loosened and companies began to rebuild inventories. Growth surged and the cycle began again.

The past few years have not fitted this pattern. The rise in oil prices triggered by Iraq's invasion of Kuwait in August 1990 tipped the economy into a brief recession: gross domestic product declined sharply in the final quarter of 1990 and the first quarter of 1991. But this short period of contraction was only a phase in a much longer period of stagnation. Excluding the two quarters of declining output, the economy has grown at an annual rate of barely 1 per cent for three years. Unemployment has crept higher and now stands at a six-year high of 7.3 per cent.

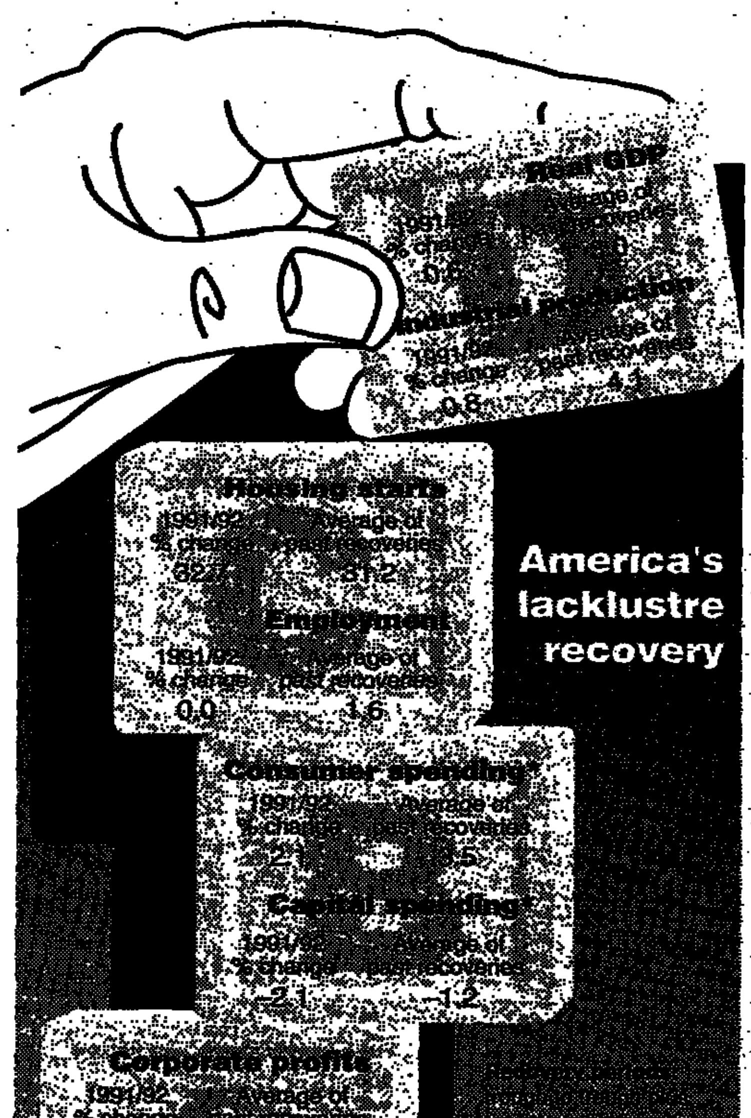
This slowdown was fundamentally different from previous post-war recessions. The late stages of the 1980s boom were characterised less by an excess of inventories (which remained tightly controlled) than by a glut of real assets, especially commercial real estate but also of cars and other consumer durables. This was financed by excessive levels of debt in all sectors of the economy. The relevant question today is not whether the economy is capable of inching forward, but whether balance sheet strains have healed sufficiently to permit a healthy recovery.

Late last year, the outlook appeared grim. With employment and production falling, many sectors of the economy seemed to be experiencing a "double dip" recession. But late in December, Mr Greenspan seized the initiative, cutting the discount rate by a full-point to 3.5 per cent. This decisive move – the boldest of his career – prompted a surge in share and bond prices and checked a damaging slide in household confidence.

Today the short-run outlook seems brighter partly because the monetary relaxation is being supported by an easing of fiscal policy. To bolster its re-election chances, the Bush administration has accelerated federal spending and reduced personal tax withholding rates. The IMF reckons the total fiscal stimulus this year is equivalent to about 0.8 per cent of GDP, less than in the early 1960s but still significant.

The signs of economic improvement are visible mainly in the consumer and housing sectors.

Residential construction is the one sector of the economy to have enjoyed a "normal" recovery since early last year. Housing starts have risen almost continuously and are now running at an annual rate of more than 1.3m – sharply above last year's trough – but a pace that may not be sustained given demographic changes that have reduced the demand for housing.



Personal consumer spending is estimated to have grown at an annual rate of about 5 per cent in the first quarter, relative to the final quarter of last year. This rebound, however, only compensated for weakness during most of last year and leaves consumption subdued relative to past recoveries.

The rapid growth of consumer spending, however, may not be sustained. Sharp increases in retail sales in January and February reflected special factors – temporary injections of spending power from tax refunds and higher benefit payments, unusually warm weather and faulty seasonal adjustments. The savings rate also declined from already depressed levels.

Retail sales dipped slightly in March. And, significantly, car sales – usually a crucial ingredient in consumer upturns – had not recovered even by early April.

In other sectors, solid evidence of recovery remains patchy. The Purchasing Managers' Index – a guide to the health of manufacturing – has bounced back after a sharp decline in the winter. But order books are filling slowly. Industrial production grew sluggishly in February and March but only partly made good previous falls.

Non-agricultural employment rose only marginally last month and was not significantly higher than last May, when the faltering upturn supposedly began. On the other hand, claims for unemployment insurance have fallen quite sharply in recent weeks, providing tentative evidence of an upturn. Exports were weak around Christmas but rebounded strongly in February, helping reduce the monthly trade deficit to only $3.4bn, the smallest shortfall since 1983.

What is likely to happen next? A minority of monetarist economists is worried about a potential resurgence in inflation. The shadow open-market committee set up to second guess the Fed is already calling for higher interest rates. Most economists, however, are confident that inflation will remain subdued at about 3.5 per cent, in spite of a freakish 0.5 per cent jump in the consumer price index last month.

But there are clouds on the horizon. The core consumer price index has risen more rapidly than expected for several months. And a leading indicator of inflation compiled by economists at Columbia University is pointing to an early acceleration of inflation – to perhaps 4 per cent.

On output, the range of opinion is surprisingly narrow. A few brave souls are projecting GDP growth of slightly more than 4 per cent at an annual rate, but the majority of forecasters – including the White House and Fed – expect growth to fall in a 2-3 per cent band. Fast rebounds are always possible when production is running well below capacity, but there are many reasons to favour the more conservative growth forecast:

- The poor international outlook. Mr Greenspan is probably right to downplay the direct impact of Japanese share price falls on US markets. But the shifting of resources into the export sector to help service debts incurred in the 1980s has left the American economy more dependent on overseas markets than ever before. Since 1987, exports have accounted for two-thirds of total growth.
- Low consumer confidence and weak labour markets. The long US stagnation appears to have seriously dented household confidence. Indices of consumer sentiment rose slightly in March but remain close to their lowest level for a decade. The sour mood is closely linked to labour market trends. After generating more than 18m jobs in the 1980s, the Great American Jobs Machine is idling. This mainly reflects a belated wave of restructuring in service industries. While beneficial in the longer term, the immediate effect is to create unusual job insecurity for white-collar employees.
- Sectoral weakness in defence and commercial real estate. The drag on the national economy from defence cuts is widely underestimated. The retrenchment has already led to the loss of 780,000 jobs with another 1m set to disappear by 1995. Industrial production of defence and space equipment is down more than 10 per cent from its 1990 peak with further cuts in the pipeline. Commercial real estate, meanwhile, is showing few signs of recovery. Indeed, further large cuts in non-residential construction spending appear likely given a precipitous fall in building permits.
- The debt overhang. A surge in bond and equity issues has allowed companies to restructure debts. Many households have refinanced mortgages at lower rates and paid back some instalment debt. But this has addressed only a fraction of the "excesses" of the 1980s. As a share of GDP, household and corporate debt remains well above the levels of the early 1980s, not to mention previous decades. In contrast to previous recoveries, consumer and business spending in this upturn seems unlikely to move far ahead of sluggish income growth.

These trends seem likely to flatten the normal trajectory of recovery. Looking further ahead Americans may need to adjust to diminished growth prospects. Annual growth in excess of 3 per cent during the Reagan boom reflected unsustainable levels of borrowing. Even the ever-bullish White House Council of Economic Advisers concedes that the potential growth rate in the 1990s is only about 2.2 per cent a year compared with 2.7 per cent in the 1980s. And even this requires an unexplained jump in productivity growth to offset slower expansion of the labour force.

The biggest economic challenge for Mr Greenspan and other policymakers may thus lie less in achieving an unspectacular growth rate of about 2 per cent than in convincing Americans that – at current levels of savings and investment – this is the best to be expected without an acceleration of inflation.

Joe Rogaly

Free to speak their minds

In a free country even former prime ministers have the right to express their views. If Mrs Margaret Thatcher declines to enter a nunnery, as many of her erstwhile colleagues wish she would, that is her business. Her celebrated article in Newsweek is best regarded in this light. It tells us a bit about her, and a bit about the internal debate among Tories. It is a contribution to public knowledge. There is no need to expostulate about its author's claims to political immortality.

What it tells us about Mrs Thatcher is unsurprising. She does not say so, but it is clear that she is no longer an imminent threat to the stability of the government, as she was perceived to be last year. She cannot diminish the authority given to Mr John Major by the decisive victory won under his leadership on April 9. These are unpalatable facts. Her reaction to them reveals her to be as vulnerable to fits of self-justification as anyone else. "If a man gets up and says, 'Look, really, I'm a very modest man', would you believe him?" she writes. "What about the person who says 'I care far more about people than she did'? Look at the record, and make a judgment." Plainly, Mrs Thatcher is unable to see herself as others see her; most of us have the same difficulty with ourselves. Those who consult the record will judge Mr Major to be more modest, and more caring, than his predecessor.

There is, however, profit in considering the issues she raises. These are real enough. "They think they would do more for the public services than I did," she protests. "Some think that implies taking a bigger proportion of growth, leaving less to the people." This is a serious argument, to which Mr Major must eventually respond. The health and education services cannot be improved by the magic wand of opting-out alone. When the new management structures are in place, the demand for more cash will be strongly supported by accompanying accounts. Mrs Thatcher, whose insistence on "sound finance" has always been unwavering, speaks for an important segment of the party when she warns that the government's share of the national income must be reduced.

If he had not taken a vow of silence about her outbursts, Mr Major could reply that he is aware of the need to restrain public spending. He appointed one unreconstructed Thatcherite, Mr Michael Portillo, chief secretary to the Treasury, and another, Mr Peter Lilley, to head the most intractable of the giant spending departments, social security. A third, Mr Michael Howard, will cap local authority spending. The new defence secretary, Mr Malcolm Rifkind, will stand or fall by his ability to squeeze a maximum peace dividend out of a notoriously spendthrift department. After a while we may consult the record and assess whose administration turned out to be the most frugal – Mr Major's or his predecessor's.

Mrs Thatcher has the difficulty that all of us share in not seeing herself as others see her

Mrs Thatcher has also warned against what she calls "a policy of intervening in industry", by which she must mean Mr Michael Heseltine. She is not the only Tory to be worried about our tall friend. We may assume that he will reverse the dry-as-dust strategy of the old Thatcherite industry department. There would have been little merit in his taking the job if he was not to be allowed to do it his way. Mr Major must have known this when he offered the post to Mr Heseltine. He cannot have appointed so powerful a politician to so important a department with the intention of struggling to restrain him at regular meetings throughout the next four years.

These and other well-known Thatcher concerns (such as further integration of the European Community) will be voiced through her new foundation and perhaps from a platform in the House of Lords. Mr Major has no need to worry. Since his election in his own right he can reasonably expect the allegiance of the bulk of his party. Yet he will not have a free ride. Where Mrs Thatcher has a legitimate point, he will have to win the argument.

So much for her. Another politician in a spot of bother over something he wrote is Mr John Patten, the education secretary. His article in last week's Spectator affirms his belief in God and bemoans the increasing secularisation of our society. The question I have heard people ask this week is: "Should an education secretary express religious views?" My answer is: "Of course he should. Why on earth not?" I have previously criticised Mr Patten, but that was because I do not agree with his views on constitutional reform. His right to be a Christian and proud of it is, however, unquestionable, even if he is education secretary.

I will venture further down the path of political incorrectness, to suggest that perhaps Mr Patten is wiser than his critics. "Secularisation," he writes, "submerges the quaint and old-fashioned idea that in the end happiness comes not from cars, colour televisions and consumables but from within ourselves." He is right, right, 100 per cent right.

The swapping of ICI's fibres unit for Du Pont's acrylics businesses raises questions about ICI's development, says **Paul Abrahams**

Raw materials of a promising deal

Sir Denys Henderson, the chairman of ICI, was in good humour yesterday as he announced he was swapping his fibres operations for the acrylics businesses of Du Pont, the US chemicals group. The thought that £250m in cash would also make its way to ICI as part of the deal added to the width of his grin.

"This is the first significant deal achieved through my swap-shop idea," he explained. "Chemical companies need to be as imaginative as possible as they seek to restructure their operations."

Nevertheless, the move raises questions about ICI's longer-term ability to develop its businesses. The deal follows a fundamental reappraisal of the operations that began in September 1990. The company's reshaping, Sir Denys insists, was already initiated before Lord Hanson's conglomerate took a 2.8 per cent stake in the company last May. ICI realised it had to cut costs to remain competitive.

Since the reassessment, Sir Denys's management team has been skilful at restructuring and disposing of businesses. During the past 20 months observers estimate ICI has sold off nearly £1.5bn of assets. These include its fertiliser business, soda ash and lime interests, and salt operations. At the same time costs have been slashed. Since January 1990, more than 14,000 staff have been cut.

Sir Denys says the company has adopted a strategy of concentrating on businesses that are either global or highly profitable. The fibres businesses at the centre of yesterday's swap fitted neither criteria.

The history of ICI's involvement in fibres is long and unhappy. The decision to pull out follows protracted struggles to make the unit profitable. Fibres contributed significantly to the materials division's losses of £14m during the last quarter of last year.

A combination of a long-term shift in the fibre customer base from Europe to Asia, combined with the recession, finally convinced Sir Denys to sell.

For more than 20 years the company has been grappling with increasing competition from the Far East. The problem has been that ICI's operations have been based mainly in Europe where its customer base has been shrinking. As textile manufacturers have increasingly shifted to low labour-cost areas in Asia, so fibre-manufacturing has been set up there.

Between 1970 and 1991, the European share of the world man-made fibres market shrunk from 31 per cent to 18 per cent, while production outside the US, Europe and Japan has increased from 24 per cent to 54 per cent.

Colin Beere

ICI's Sir Denys Henderson, left, and Du Pont's David Williamson: benefits for both companies

ICI has responded to increasing Asian competition by pulling out of areas where it would be forced to compete purely on price. During the late 1980s it made the difficult decision to stop making polyester, which the company invented.

Instead, ICI concentrated on high-performance nylons for home furnishings, carpets and clothing, such as ski-wear, all sectors where it believed it could command a premium. In 1988, the fibres operations generated profits of £53m.

The deal reinforces one of Du Pont's core businesses, nylon, and extends its reach in Europe

But while premium clothing and household products were successful during the late 1980s, by the recessionary early 1990s they flourished less well. Mr Scott Davidson, managing director of ICI Fibres, estimates demand for nylon fell 20 per cent during 1991 alone. Most European manufacturers are still running their plants at 80 per cent capacity.

Caught by falling demand, ICI fibres management slashed costs. Nearly 1,000 jobs were cut in 1991 and a further 800 were planned for this year. The division's headquarters at Harrogate was closed and replaced by an office in Brussels with only 20 staff.

In spite of such cost-cutting efforts, Sir Denys decided that the fibres operations could no longer be considered as core businesses. In February, when Sir Denys announced last year's full-year results, he warned that rationalisation at the fibres unit had been insufficient to improve margins.

Sir Denys said yesterday that ICI could not afford to expand its nylon businesses to the US and Asia, or update its plants in Europe.

"We have to be truly global," said Sir Denys. "And we just couldn't justify the additional investment needed to do that in fibres." He added that the cost of environmental measures in the UK and Europe had been far higher than expected since the mid-1980s.

Certainly, ICI could not afford to compete with Du Pont. Mr David Williamson, Du Pont's European president, estimates his company has on average recently spent a total $500m a year on updating plants. It has announced a $1bn nylon plant for Singapore and plans to spend $8bn over the next decade on nylon production elsewhere.

Du Pont, the world's largest manufacturer of nylon, believes it can make a better job of the fibres businesses than ICI because it can afford to spend money on them. The deal meets two of its strategic goals, according to Mr Williamson. It reinforces one its core businesses – nylon – while at the same time extending its reach in Europe.

Du Pont had little previous presence in the European nylon market, says Mr Robin Anson, managing editor fibres and textiles publications at the Economist Intelligence Unit, the market research group. "In this business size has become critical."

Du Pont will become the leading supplier of nylon in Europe with about 25 per cent of the market, according to the company. It will be competing with other suppliers such as BASF of Germany, France's Rhône-Poulenc and Akzo of the Netherlands.

Sir Denys said yesterday the swap was not an indictment of ICI's fibres management. He pointed out that other European companies were restructuring their operations. Last month Rhône-Poulenc and Snia of Italy merged their staple fibre and polyamide carpet yarn operations. He said managers had struggled to bring the businesses to sustained profitability.

Many of ICI's businesses are now facing difficult conditions. The management, which has succeeded in making disposals, must now prove it can expand its businesses organically.

A key test will be how it handles the new acrylics businesses which fit Sir Denys's strategic perfectly. ICI will be transformed from number three to the world's leading manufacturer of acrylics – used, for example, for windows and bathroom furniture – with production and sales of £500m a year in the US, Europe and Asia. Du Pont's acrylics businesses had sales of $300m in the US, where they were second to Rohm and Haas, the American group.

ICI's confidence in the business is demonstrated by the doubling of capacity in the UK and Taiwan. Although profit margins have historically been between 15 and 20 per cent, they are presently depressed by the global recession.

Meanwhile, disposals of petrochemicals and plastics businesses are probably in the pipeline. The danger is that Sir Denys could find the company he chairs might one day no longer merit inclusion in the chemical industry's first division.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Bookmakers closer than the polls

From Mr Leonard Steinberg.

Sir, Much has been written recently about opinion polls, and during the weeks prior to the election our lives were governed by them. Some people say the conclusions of opinion polls are so inaccurate that they should not be taken seriously. My letter to you is written as a bookmaker running one of the larger betting shop businesses in the country. I believe that the odds the bookmakers quoted were much more accurate than the variety of margins given by so many different opinion polls.

On the morning of the election, most bookmakers had the Conservatives as slight favourites, which was a good indication and so much more accurate than either the opinion polls or the exit polls. Carrying my profession a little bit further forward, I believe opinion polls can influence electors, and also believe that if they are not stopped entirely, they should certainly not be permitted during the last few weeks of an election campaign.

Leonard Steinberg,
chairman,
Stanley Leisure Organisation,
Stanley House,
4/12 Marylebone,
Liverpool L3 2BY

DTI changes that raise hopes of greater support for exporters

From Mr Ian J Campbell.

Sir, The professional exporting community welcomes Mr Michael Heseltine's decision to restore the title president of the board of trade (Observer, April 21).

For far too long in recent history the "trade" element of the Department of Trade and Industry has been treated as the Cinderella sector. International trade is vital to the UK's economy. Unless we reverse the current disastrous balance of payments deficit, sterling's weakness and high interest rates will persist indefinitely.

We hope that the new president's clearly expressed ideas on appropriate levels of government support will assist Britain's hardworking (and often unsung) exporters to improve on our 6 per cent share of world trade.

To achieve this he will have to cut a broad swathe through the ideological jungle of *myopia Treasuriensis*. Perhaps this is an ideal job for Tarzan?

Ian J Campbell,
director general,
The Institute of Export,
Export House,
64 Clifton Street,
London EC2A 4HB

From C F J Siegl.

Sir, You report ("Treasury given regulatory role", April 16) that the DTI will retain overall responsibility for insurance companies in the new division of responsibilities between the DTI and Treasury.

It is to be hoped that this division will include the Export Credits Guarantee Department (the UK government insurance agency), whose formal place is with the DTI but whose policies have been systematically dictated and eroded by the Treasury during the last parliament.

We look forward to the new secretary of state for trade and industry having the vision and will to establish through ECGD the long-term political initiatives which will give our exporters the stability they need to thrive and prosper.

C F J Siegl,
Flat 1,
Northam House,
15 New Street,
Wells, Somerset BA5 2LD

Rail action in Italy

From Mr Angelo Gennari.

Sir, Robert Graham ("Rail chief gets tough", April 14), though generally well-informed and scrupulous, does not this time accurately describe the "tough action" he writes about.

Without any consideration of the merits of the conflict he recounts, it should in effect be noted that:

- "unauthorised industrial action" does not exist in this country: no authorisation, by anyone, is ever necessary to go on strike, and therefore the employees who went on strike will not be penalised for having done so;
- management will rather "deny pay increases" to those employees on strike against the very collective bargaining agreement that brought those increases to them: meaning they cannot eat and refuse the cake;
- it is not "strikers" who are penalised through the pay packet, but those employees who refuse the pay increases won for them through collective bargaining by the most representative trade unions in the country. Including my union.

Angelo Gennari,
director,
studies and research,
Italian Confederation of Workers' Trade Unions (CISL),
v. PO 21, 00198 Rome,
Italy

Engineers' status in UK now seen in 'quite a new light'

From Mr Ron Kirby.

Sir, There were points in Mr Ledger's letter (April 18) on the status of engineers which call for comment.

Much to our delight, recent independent research has shown that young people from all backgrounds are starting to see engineers in quite a new light.

"They travel the world and earn lots of money . . ."; "They work with three dimensional computer imaging . . ."; "Engineers are like doctors, lawyers and accountants . . ."; "There's glamour in being an engineer. You have a lot of freedom, you invent things, you try out new ideas . . ."; "I fancy the travelling, designing and building machinery, and using computers to help you design . . ."

These are just some of the spontaneous replies young people gave when asked what they thought about engineers by researchers evaluating our Neighbourhood Engineers scheme. The scheme sends engineers and technicians to secondary schools to work in teams with teachers giving friendly, informal advice across the national curriculum. More than 6,000 engineers and technicians are already involved with 1,600 secondary schools.

Further evidence of a change in attitude among teenagers is the increased number of young people applying for places in higher education to study engineering.

Another myth which still persists is that "many British engineering graduates go into the financial sector". Not true. Seventy-eight per cent of engineering graduates take up jobs in industry. Twelve per cent go into finance or commerce and the remaining 10 per cent go into other fields. We are quite happy with 12 per cent going into finance; we need analysts and others in the City who understand engineering.

Salaries? Over the last few years, engineers have seen their average earnings move up well above the Retail Prices Index, according to Remuneration Economics. Some examples: 1988, increase in earnings of 9.5 per cent (RPI 4.8 per cent); 1989, 12.1 (8.2); 1990, 14.5 (9.8); and 1991, 10.0 (5.5).

And status? Margaret Thatcher told the 1985 Engineering Assembly that it had to be earned. But a few months ago, at the national final of our Young Engineers for Britain competition, John Major, the prime minister, said it is his aim to change the culture of Great Britain "so that the British engineer enjoys the same status as the German engineer".

Ron Kirby,
director of public affairs,
The Engineering Council,
10 Maltravers Street,
London WC2R 3ER

OBSERVER

BAe lands its man

■ If the British Aerospace chairmanship is such an attractive job, why has it taken seven months to fill? With a workforce of over 100,000, BAe is Britain's biggest manufacturing exporter but it also poses one of the country's biggest management challenges.

Its main strength – defence – is a declining industry, and it is weak in most other areas. Perhaps its status as a national industrial asset with a questionable long-term future is the reason the best and brightest of British business (foreigners were excluded) have not rushed to take up this public duty. Maybe the risks of failure outweigh even the almost certain knighthood.

In the past the job has been done by an oilman (Sir Austin Pearce), and a management professor (Sir Roland Smith), with mixed results. Sir Graham Day, who has been doing the job on a temporary basis, was a favoured candidate. But he has his own reasons for not wanting the post.

Against such a background, BTR stalwart John Cahill is as good a choice as any. Admittedly, he is in his early 60s, has never chaired a plc company before, and has not even sat as a non-executive on other boards. However, as chief executive of BTR – one of Britain's industrial success stories – he headed a workforce considerably bigger than BAe's.

As an operational man, Cahill is hard to better. A sprawling business like BAe is bound to benefit from his attention to costs and margins.

Even so, whether he has the right skills to be chairman, as opposed to chief executive of BAe, is debatable. He does not have any feel for dealing with the world's defence/military establishments, and it is far from clear that he has the vision needed to establish BAe as a force to be reckoned with in the next century.

Given this weakness, one of his first jobs should be to strengthen his board of directors which lacks the sort of depth one would expect in a company of BAe's size. Provided he does so, and in particular appoints an effective finance director, BAe might well have chosen the right man.

Dirty work

■ So what are Britain's customs and excise officials now spending inordinate numbers of work-hours doing? Poring over imported pornographic books, pictures and such, says the National Audit Office's report, adding that every item suspected of obscenity has to be examined in detail.

"This can take a great deal of time. It is also a stressful and extremely unpleasant task . . . and staff have to be rested from the work at regular intervals."

Milking time

■ Fancy being a gentleman, or gentlewoman farmer? All you need to go with your green wellies is a bigger than average garden and £27.50, and the National Farmers Union will welcome you to its flock with open arms.

The aim of its new "countryside" membership is to milk subscriptions worth £2.75m a year from an estimated 100,000 holders of land "somewhere in size between a garden and a small farm". If they breed the odd sheep or pig, harvest fruit or run a riding school, so much the more

authentic.

Mind you, not being properly commercial, they won't get a vote when the union's real farmers are deciding policy.

"Maybe we are grabbing a tiger by the tail, but who knows, maybe we can harness the tiger to work with us," the NFU's David Hellard says.

Boy George

■ When Graeme Gilchrist, Union Discount's former boss, left in February after unveiling hefty losses, a first stab at mending fences was the arrival, as joint deputy chairman, of Sir George Blunden, highly respected former deputy governor of the Bank of England.

Now George Blunden junior, who has been running S G Warburg's discount operation, turns up as chief executive. Do not assume it was merely the name.

Central banking relationships have their uses – as John and James, two of BoE governor Robin Leigh-Pemberton's five sons, respectively at Smith New Court and Warburgs, would attest. But it seems that Blunden, earlier the bright boy at Seccombe Marshall & Campion, quickly earned himself the reputation at Warburgs as being too big for the job. He apparently understands the market, is tough – but his route to the top, including three years' community work with the London Adventure Playground Association, is hardly the most conventional.

Sir George resigns because he feels it is "inappropriate to remain following the appointment of his son". Young Blunden may be an excellent choice and even if it sounds a touch nepotistic, discount houses always have been rather odd animals.

Work study

■ As Britain's industrialists were urging one another to lead the charge to recovery, two British Rail workmen on Greenwich station were shovelling debris into a motorised cart on caterpillar tracks. "Better than a wheelbarrow," observed a waiting passenger. "Must hold three times as much."

By the time the train was due, the cart was full. One workman rested, while the other started it up and steered it at snail's pace up the platform which is separated by a railing from a strip of grass. "But much slower than a wheelbarrow," the passenger added, "though it must cost a dozen times more."

As the train arrived, five minutes late, the workman was inching down the ramp at the platform's end. And by the time the train pulled out, he was edging up the ramp to the strip on the other side of the railing.

"Blimey, they're going to dump it on the grass," said the passenger. "They don't even need a wheelbarrow – they could just shovel the stuff straight over the fence."

FINANCIAL TIMES
Friday April 24 1992

Fears of more violence as Carrington brokers immediate ceasefire

Bosnian factions agree truce

By Laura Silber in Belgrade

LORD CARRINGTON, chairman of the European Community peace conference on Yugoslavia, yesterday persuaded the leaders of warring ethnic groups in Bosnia-Hercegovina to agree to a truce, as fighting continued to rock the republic.

Amid fears of the violence spreading throughout Bosnia, Lord Carrington and Mr João de Deus Pinheiro, the foreign minister of Portugal which holds the EC presidency, arranged an immediate and unconditional ceasefire among Moslem, Serb and Croat leaders.

The parties agreed to sign a declaration last night to observe a truce originally reached on April 12 but subsequently ignored.

Mr Pinheiro warned that fresh peace talks to be held in Lisbon on Monday would take place only if the ceasefire was respected this time.

"If they don't agree, we have made it clear that only chaos and bloodshed lie ahead."

Federal army tanks and armoured personnel carriers ringed the airport in Sarajevo, the capital of Bosnia, where the EC team met the Bosnian leaders.

"Everybody is to blame for what is happening in Sarajevo and the sooner we get a ceasefire there will be no need to blame anybody," Lord Carrington told journalists as he arrived later in Belgrade, the Serb and federal capital, for talks with Mr Slobodan Milosevic, the Serbian president, and General Blagoje Adzic, the acting federal defence minister.

Diplomats feared the fighting could engulf the newly independent republic. A western diplomat said: "The amount of destruction and number of deaths is a very small illustration of what is possible".

Fresh clashes were reported in several towns in northern and western Bosnia. Sarajevo radio said 48 people had been wounded in two days of fierce clashes in Bosanska Krupa, in the north-west Moslem heartland. Tanjug, the Belgrade-based news agency, said Serb forces controlled part of the town, where Moslems make up 74 per cent of the population.

At least 21 people have been confirmed dead in the past 24 hours of fighting in Bosnia between Serb irregulars and Moslem units. Unconfirmed reports after fierce fighting on Wednesday in Sarajevo said at least 20 people were killed and 77 wounded. Witnesses reported heavy damage in the old town centre, saying two mosques, several museums, a Turkish grave yard, and many buildings had been hit.

Belgrade Radio said Croat forces, despatched from Croatia to neighbouring western Bosnia, had attacked Serb and federal army positions. Fighting between Moslems and Serbs was reported in Zvornik and Srebrenica, eastern Bosnia.

In northern Bosnia, Serb and Croat forces for the third successive day fought fierce battles in Bosanksi Brod, on the frontier with Croatia. Belgrade radio also reported clashes in nearby villages.

In Bonn, the German and Dutch foreign ministers stepped up pressure on Serbia to end the conflict or face international isolation, calling for an urgent meeting of the UN Security Council to discuss the crisis.

The US and Germany have led a diplomatic drive to end the fighting.

Moslems and Croats, two-thirds of Bosnia's 4.35m population, support independence. Serbs are vehemently opposed.

THE LEX COLUMN

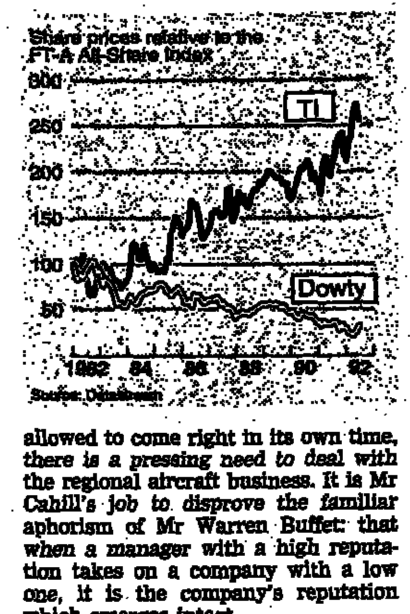
Dowty comes to earth

The sad truth about TI's bid for Dowty is that the target could scarcely have tried harder to provoke attack. It may have put a brave face on things by maintaining its interim dividend last December despite a 73 per cent fall in pre-tax profits, but that cannot distract from a flawed and badly executed strategy of diversification into information technology and electronics. Dowty's market capitalisation is lower than it was six years ago, while that of TI has more than tripled.

Like Hawker Siddeley before it, the company is thus left with a lame defence. The question is basically one of price. TI appears to have pitched its offer just high enough to give any lurking rival second thoughts. It can justify the price to its existing shareholders on the grounds of confidence in its own ability to sell the information technology and electronics businesses quickly. Though this is, belatedly, part of Dowty's strategy too, a new and less sentimental management would probably have more luck.

With that out of the way, the merged group would be free of debt and able to enjoy the benefit of the cost savings Dowty's management has already instituted. That prospect might just about make the deal look opportunistic enough for the institutions to demand a small increase in the Hawker manner, but it is an outside chance at best.

FT-SE Index: 2609.8 (+2.0)



BAe

Mr John Cahill's appointment at British Aerospace comes as something of a relief. BAe is a sprawling organisation with a proliferation of plants and shaky financial controls. Mr Cahill, who comes from a company with legendary financial controls and 800 operating units, plainly has much to offer. It is slightly odd that he has no background in the political aspects of the job, which in a curious reversal of roles will be attended to by the chief executive. But if he and the shortly-to-be announced finance director can improve BAe's operating efficiency, that will do to be getting on with.

The longer-term shape of the business remains more problematical. Mr Cahill asserts that his first priority is to increase market share in BAe's defence business, which will otherwise carry on dwindling as the peace dividend rises. The motor and property businesses are best left alone until their markets improve, but their place in the portfolio must surely be under review. And while Airbus may be best allowed to come right in its own time, there is a pressing need to deal with the regional aircraft business. It is Mr Cahill's job to disprove the familiar aphorism of Mr Warren Buffet: that when a manager with a high reputation takes on a company with a low one, it is the company's reputation which emerges intact.

ICI

ICI's decision to pull out of its loss-making nylon business is to be welcomed, particularly since it gets world leadership in acrylics and £250m cash in exchange. But the deal raises a mildly disturbing question. The list of traditional commodity businesses ICI has lately abandoned also includes fertiliser, soda ash, lime and salt. In theory, it should be replacing these with more specialised products offering higher added value. But in the past year, it has pulled out of a large part of its advanced materials business. This deal takes it out of engineering plastics. Where is the ICI of the future?

Granted, the nylon deal is not quite done yet. Du Pont's case for being allowed to take a European market share of up to a third in some products rests on the need for a regional champion to take on Far Eastern producers in world markets. It remains to be seen whether Brussels is receptive to the idea; and if not, how far the rest of the deal can be rescued.

In the meantime, another nagging question remains. At its best in the 1980s, the nylon business was no more than decently profitable. With hindsight, it might usefully have been sold off in the last wave of ICI restructuring a decade ago. Could there be other businesses the company is failing to tackle this time round?

Germany

The March surge in German money supply may have shocked Frankfurt's financial markets, but the Bundesbank is unlikely to risk international opprobrium by raising interest rates. Equally, with the M3 aggregate growing at an annual rate of nearly 10 per cent, there is less reason than ever to expect a cut in official rates this year.

Higher rates might make the money supply problem worse. The inverted yield curve has already swollen demand for short-term bank deposits, which form part of M3, at the expense of bond investment. That is pushing up the rates on government paper, incidentally limiting the scope for lower gilt yields in the UK.

Interest rates are a blunt instrument for curbing credit when generous subsidies are available on loans to eastern Germany. But all the Bundesbank can do now is sit tight till inflation abates. If Germany's European partners cannot accept the consequences, their only recourse is a realignment. What price Maastricht then?

Albert Fisher

Albert Fisher has taken to spinning a remarkably conservative line these days. Where takeovers once ruled, organic growth and non-executive directors are now the order of the day. Having illustrated the need for an Accounting Standards Board with its annual results in October, the group has had a change of heart which may or may not be connected with the chronic underperformance of its shares.

The interim figures followed the ASB's recommendations on extraordinary items to the letter, crystallising a £8m loss on the disposal of the Holco mushroom company and a related £12m write-off of goodwill through the profit and loss account. Pre-tax profits fell by 17 per cent in the first half, thanks largely to lower demand in the US where like-for-like operating profits fell by 40 per cent.

Cost-cutting by new US management should bring benefits in the second half, but Fisher concedes that progress will be slow until the economy improves. The shares are on a current year multiple of less than 8. The company will have to consolidate its new identity before that changes.

Walesa acts to regain initiative after attack

By Christopher Bobinski in Warsaw

PRESIDENT Lech Walesa moved swiftly yesterday to regain the political initiative after an unprecedented attack in the widely-read Gazeta Wyborcza newspaper.

Mr Walesa dismissed the article, which described him as out of his depth and surrounded by incompetent advisers. He called it "a base and low thing done by low people".

His response came amid growing uncertainty about the stability of the centre-right government of Premier Jan Olszewski.

Last night it faced a vital vote in parliament on a motion to reimburse pensioners and public servants for pensions and incomes cut last year.

If passed, the bill would overturn this year's budget calculations and could force the government's resignation.

Mr Andrzej Olechowski, finance minister, appealed to parliament "to use its common sense" on the decision and warned that the repayments due could go as high as 60,000bn zlotys ($4bn) if voted through, "marking a catastrophe for the government's financial situation".

The debate came the day after the collapse of seven weeks of talks with opposition parties on broadening the right-of-centre minority coalition in preparation for tackling tough budgetary measures.

In denying that he was becoming politically isolated, Mr Walesa gave strong support to his closest aide, Mr Mieczyslaw Wachowski, who was criticised in the newspaper for protecting former communists in the armed forces and the security apparatus.

He described his aide as "one of the best people who took the blame for everything that went wrong".

In spite of the president's bravado, the situation is dismaying political observers in Warsaw. The Rzeczpospolita newspaper warned: "We could find ourselves without a government, without parliament, with a president stripped of all authority and an unstable army."

Earlier, Mr Walesa met briefly Mr Tadeusz Mazowiecki, the leader of the Democratic Union and the spokesman for the three opposition parties which decided this week not to accept the terms offered by Mr Olszewski for entering government.

He also met Mr Leszek Moczulski, the head of the populist KPN party and conceivably a potential coalition partner for the present government.

Both meetings were evidently designed to show the government that any renewed attempts to broaden the coalition would have to be co-ordinated with the president.

Mr Mazowiecki said later that "the president doesn't foresee that the present government will last long".

The president stopped short of publicly criticising Mr Olszewski.

Kabul opens talks to transfer power to mujahideen alliance

By David Housego in Kabul

THE AFGHAN government said last night that discussions had been opened with all Islamic guerrilla groups with the aim of transfering power to an interim mujahideen administration.

The statement came after Gen Mohammed Rafi, one of four vice-presidents, met Mr Gulbuddin Hekmatyar, leader of the fundamentalist Hezb-i-Islam group which had earlier threatened to attack Kabul.

Gen Rafi told a press conference that Mr Hekmatyar had made two proposals. The first was that an interim administration should be formed from among those acceptable to the different guerrilla groups.

This does not significantly differ from the proposal of his main rival Mr Ahmed Shah Masood, head of the northern-based alliance, for a 20-man council to take over the running of the country. Mr Masood is pressing the mujahideen groups based in Peshawar to submit their nominations for members of the council rapidly.

Mr Hekmatyar's second proposal was for an interim administration to be formed of guerrilla commanders around Kabul.

The aim was to strengthen his own position in any post-war settlement. Mr Hekmatyar has his forces concentrated in Loghar province to the south of Kabul.

The proposals came as the International Red Cross announced that it was cutting by half its 70-man presence.

The step, reflecting tensions around the city, came after a Red Cross official was killed on Wednesday. He was shot by a guerrilla apparently belonging to the Hezb group of Mr Hekmatyar.

● Farhan Bokhari adds from Islamabad: Mr Boutros Boutros-Ghali, the United Nations secretary-general, is due in Pakistan today.

He is expected to meet government and mujahideen leaders in an effort to encourage the formation of a council of representatives which could take power peacefully in Kabul.

Afghan mujahideen take part in prayers after a strategy meeting during their march to within 10 miles of Kabul

Mr Benon Sevan, UN special envoy for Afghanistan, yesterday appealed to all Afghans to "hold their fire and make no moves towards Kabul" in order not to "precipitate a disaster".

The UN envoy was speaking to reporters on arrival from Kabul before meeting Mr Boutros-Ghali today. Mr Sevan said that, if Afghan mujahideen leaders meet, they should be able to find a solution.

"Having won the war, they should not let the peace slip from their hands," he said.

Kabul waits in fear, Page 4

IMF warns Russia

Continued from Page 1

joined part of Sunday's talks among the Group of Seven finance ministers and central bankers.

Both the IMF and US Treasury will want Mr Gaidar to tell them what policy changes, if any, are under way in Russia. So far, their only information, including the suggestion that Russia should adopt a crawling peg (adjustable exchange rate) for the rouble, has come through press reports.

A meeting of ministers from the Group of Ten industrial countries is expected next Monday to activate a dormant IMF financing facility, known as the General Arrangements to Borrow, to establish a stabilisation fund.

But Mr Mulford made clear that there was no agreement yet about when the fund should be operative. Mr Camdessus underlined that there were many hurdles to be overcome before Russia and the other rouble zone countries among the former Soviet republics – those that retain the old Soviet currency – could benefit from the fund.

Mr Camdessus said Russia would have to implement credible macroeconomic and monetary policies. The rouble would have to be backed by realistic interest rates, credit control and enjoy support in the markets.

Members of the rouble zone would have to be committed to monetary co-operation, with arrangements in place to manage the currency properly, he said.

A weakening of monetary policy would not help the creation of a rouble stabilisation fund, he said. Nor was the IMF managing director enthusiastic about the idea of a crawling peg. The stabilisation fund was intended to provide an anchor for the rouble. But if the exchange rate of the rouble were to be adjustable, the rouble would have a "sliding anchor" and that was not what the IMF had in mind, he said.

Du Pont fibres deal

Continued from Page 1

sector during the last three years. The company has also announced that it is doubling capacity in Taiwan and the UK.

Du Pont's acrylic businesses, which had a turnover of about £160m last year, manufacture monomers – acrylic sheets and resins for use in bathroom furniture and glazing.

The business is almost entirely in the US, where ICI previously had little presence. Du Pont is keeping its Corian acrylic business which supplies materials for kitchen and bathroom fittings.

ICI has not sold Du Pont its Zaragoza polyester plant. The company said it would like to sell the business. However, if the local authorities and Spanish government helped, the business could be maintained within ICI.

World Weather

		°C	°F
Ajaccio	S	18	64
Algiers	F	28	82
Amsterdam	C	10	50
Athens	S	19	66
Bahrain	F	27	81
Bangkok	F	38	100
Barcelona	S	16	61
Beijing	S	20	68
Beirut	S	18	64
Belfast	R	10	50
Belgrade	S	22	72
Berlin	R	11	52
Biarritz	S	17	63
Bombay	S	30	86
Bordeaux	C	15	59

		°C	°F
Boulogne	F	12	54
Brussels	C	13	55
Budapest	F	17	63
Buenos Aires	R	17	62
Cairo	S	21	70
Cape Town	S	22	72
Caracas	C	31	88
Casablanca †	S	20	68
Chicago †	C	8	46
Cologne	R	10	50
Copenhagen	C	4	39
Corfu	F	18	64
Dallas †	C	16	61
Dublin	R	10	50
Dubrovnik		–	–
Edinburgh	R	10	50
Faro	S	22	72
Florence	F	17	63

		°C	°F
Frankfurt	C	12	54
Geneva	F	15	59
Gibraltar	S	19	66
Glasgow	F	11	52
Helsinki	Sn	-1	30
Hong Kong		–	–
Innsbruck	C	12	54
Inverness	C	11	52
Islamabad	F	28	82
Istanbul	S	14	57
Jakarta	R	32	90
Johannesburg	F	24	75
Lisbon	S	19	66
London	C	14	57
Los Angeles †	S	14	57
Luxembourg	C	9	48
Madeira	C	20	68
Madrid	S	25	77

		°C	°F
Majorca	S	23	73
Malaga	S	21	70
Malta	S	18	64
Manila	C	37	99
Melbourne	C	15	59
Mexico City	C	28	82
Miami †	S	24	75
Milan	C	17	63
Montreal †	C	7	45
Moscow	C	3	37
Munich	R	7	45
Nairobi		–	–
Naples	S	20	68
Nassau	C	29	84
New Delhi	S	30	86
New York †	S	17	63
Nice	S	16	61
Nicosia	S	18	64

		°C	°F
Oporto	F	16	61
Oslo	F	9	48
Paris	Dr	11	52
Prague	R	11	52
Reykjavik	F	9	48
Rhodes	S	17	63
Rio d'Janeiro	C	29	84
Rome	F	17	63
Salzburg	R	9	48
S'Francisco †	S	9	48
Seoul	S	21	70
Singapore	S	32	90
Stockholm	F	3	37
Strasbourg	C	13	55
Sydney	C	18	64
Taipei	F	26	79
Tangier	S	20	68
Tel Aviv	F	17	63

		°C	°F
Tenerife	S	27	81
Tokyo	S	22	72
Toronto †	S	7	45
Tunis	S	21	70
Valencia	S	19	66
Venice	F	15	59
Vienna	F	13	55
Warsaw	S	9	48
Washington †	S	16	61
Zurich	R	11	52

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

FINANCIAL TIMES
COMPANIES & MARKETS

Friday April 24 1992

INSIDE

Hungarian computer group stake for IBM

International Business Machines, the US computer company, is making its most important move into eastern Europe by taking a majority stake in a subsidiary of Muszertechnika, the privately-owned Hungarian computer distributor and manufacturer. Page 22

SmithKline up by 10%

SmithKline Beecham, the Anglo-US pharmaceuticals and household products company, reported a 10 per cent increase in pre-tax profits to £278m ($489m) in the three months to March 31. Page 26

Times catch up with Indonesia

The decline of the rubber market may finally have caught up with Indonesia, the world's second largest rubber producer. Production is expected to fall 20 per cent this year as farmers turn to more lucrative crops. Page 28

Gloom and doom in Toronto

Gloom abounds on the Toronto stock exchange. Weighed down by the travails of Olympia & York, sagging gold and oil prices, and only the faintest signs of an upturn in the Canadian economy, the stock market has had little to cheer about lately. Analysts fear that the full impact of the O&Y problems have not yet been felt. Back Page

Liberty falls 21%

Liberty, the UK fabrics retailer and manufacturer, yesterday unveiled a 21 per cent drop in profits for the year to end February. Page 27

Northern Telecom ahead again

Northern Telecom, the Canadian telecommunications equipment maker, posted an 11.2 per cent rise in first-quarter earnings – its 13th consecutive quarter of profit growth. Page 21

French insurer profits fall

Union des Assurances de Paris, the largest player in French insurance, saw its net profits fall 10.7 per cent from FFr4.22bn in 1990 to FFr3.77bn ($671m) in 1991 mainly because of the problems of Banque Worms. Page 20

Ralston may sell baking unit

Ralston Purina, the US consumer products company may spin off its Continental Baking subsidiary to shareholders. Continental is a leading wholesale baker of fresh delivered bread and sweet baked goods, with brands such as Wonder bread products and Twinkies cupcakes. Page 21

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Asko Prf	680	+	8
Continental	277.5	+	8.6
Leifheit	514	+	14
Springer Axel	594	+	7
Falls			
Goldschmidt	854	–	25
Hochtief	1305	–	15

NEW YORK ($)

Rises			
ASK Computers	13½	+	1⅛
Sun Micro	27⅜	+	1⅛
Falls			
Citicorp	18⅞	–	⅝
Glaxo	25⅜	–	1
Merck	138⅜	–	4
Tandem Comps	12⅜	–	⅞

New York prices at 12.30.

PARIS (FFr)

Rises			
Dollfus Mieg	310	+	8.5
Michelin B	204.8	+	11.1
Peugeot	742	+	12
SILIC	615	+	12
Falls			
Eurocom	602	–	11
Pinault	315	–	14.8

TOKYO (Yen)

Rises			
Crown	680	+	80
Hachijuni Bank	1090	+	108
Koa	668	+	78
Mitsui Tst & Bk	910	+	90
Nihon Unisys	1310	+	140
Noritake	868	+	88

LONDON (Pence)

Rises			
Border TV	95	+	11
Cap & Counties	190	+	12
Dowty	177	+	32
ECC	571	+	21
Grampian TV A	164	+	9
Greycoat	46	+	8
Huntleigh Tec	503	+	43
Lon & Manch'r	265	+	10
Low (Wm)	223	+	10
MEPC	339	+	15
MTM	41	+	2
Royal Insce	198	+	12
T & S Stores	239	+	9
Trafalgar Hse	147	+	10
Wace	137	+	10
Wembley	44	+	2
Falls			
Avica Pet	96	–	7
Glaxo	728	–	19½
Norex	90	–	4
TI	668	–	47
Vickers	154	–	10
Wellcome	1027	–	47

Solvay to buy Tenneco division for $500m

By Andrew Hill in Brussels

SOLVAY, the Belgian chemicals group, is to strengthen its position as the world leader in soda ash production by buying Tenneco's Wyoming minerals operation for $500m.

Solvay said yesterday that the deal, which should be completed by June, would increase its soda ash capacity from 4.3m tonnes to 6m tonnes a year. That represents nearly 20 per cent of the world market – greater than the combined share of its two biggest competitors.

The deal will also further strengthen the balance sheet at Tenneco, which embarked on a wide-ranging restructuring programme in September. By June, the US conglomerate will have saved or raised $3bn, mostly through issues of equity, the sale of non-core assets and cuts in costs and capital spending.

The purchase marks Solvay's first move into "natural" production in the US, which has the world's largest reserves of trona, the sodium-based mineral from which soda ash is extracted.

Solvay pioneered the synthetic manufacture of soda ash, used for making glass and detergents, in the 19th century. In spite of expanding its other activities in north America, it has not had a controlling interest in a US soda ash plant for decades.

Solvay is buying Tenneco's 80 per cent share in a soda ash production joint venture at Green River, Wyoming, the rest of which belongs to Asahi Glass of Japan. The unit should produce 1.7m tonnes of soda ash annually after expansion, and has reserves equivalent to 170m tonnes.

Baron Daniel Janssen, Solvay's chairman, confirmed that the plant was profitable and that natural soda ash production cost less than synthetic manufacture, but he declined to reveal the profits or margins of the business.

"When you buy a mine you don't just buy sales or profits for the coming year, you buy the reserves in the mine for the coming hundreds of years," he said, indicating that the effect of the purchase on the group's 1992 profits would be neutral.

Solvay will also acquire production units for caustic soda, sodium sulfite – used in pulp and paper production and water treatment – and other trona-based specialities.

Solvay will pay $200m in cash, with the balance financed through Solvay's US subsidiary, which will take on $300m of long-term debt. That should increase the group's net debt to 35 per cent of shareholders' funds by the end of 1992, against 22 per cent at the end of last year, but Solvay said interest charges would be covered by cash flow generated by the new operation.

The deal will give Solvay access to the North American market, which accounts for nearly a quarter of world soda ash consumption, and improve its share of the Asia-Pacific and Latin American markets.

TI Group in £482m hostile bid for Dowty

By Richard Gourlay in London

TI GROUP, the UK specialist engineering company, yesterday launched a hostile takeover bid for Dowty Group, the UK aerospace components manufacturer.

If successful, the bid could significantly consolidate the UK's aerospace industry which, with its global competitors, is in the toughest recession in 40 years.

TI's one-for-four share offer values Dowty at £482m ($848.3m), or 178.4p a share, after the 47p fall in TI's shares yesterday to 669p.

Dowty shares closed up 32p at 177p, just 2p above TI's fully underwritten cash alternative.

Mr Bruce Ralph, Dowty's chief executive, rejected the bid as underestimating Dowty's potential and is meeting his board this morning to discuss a response.

Dowty's advisers said Mr Christopher Lewinton, TI chairman and chief executive, was only offering the same strategy of cost cutting and sale of non-core businesses which Dowty had already outlined last year when it reported pre-tax profits down 73 per cent at £10m.

Analysts' initial reaction was that TI had priced the bid at a generous level designed to be a "knock-out blow" and that Dowty might have to struggle to find a white knight to come up with a friendly alternative deal.

Mr Lewinton said: "We think Dowty shareholders will welcome this opportunity to join with TI Group shareholders in creating one of the UK's leading specialised engineering companies."

The acquisition would also enable the combined polymer businesses, making specialised seals, to compete on a worldwide basis.

Lex, Page 18

Richard Gourlay and Paul Betts on a hostile attempt to take over a UK aero-engineer

Paying the price of a loss of focus

Since Mr Christopher Lewinton took charge of TI Group six years ago, he has briskly reshaped one of the pillars of British engineering.

Now Mr Lewinton, TI's chairman and chief executive, is hoping to repeat the trick, with a hostile £482m ($848.3m), bid for the Dowty Group, another British engineering group which has known better times.

Dowty rejected the bid yesterday, as it rejected Mr Lewinton's three offers of a friendly merger last year. But staying independent will not be easy.

The late Sir George Dowty founded the company in Cheltenham in 1931 in frustration at the British government's failure to recognise home-grown innovation. He had invented a suspension system for landing gear but neither the Royal Air Force nor his employer, the Gloster aircraft company, believed it would work. Only after Kawasaki of Japan bought the idea did a red-faced RAF begin using the system.

Dowty parts flew in every RAF aeroplane in the Second World War. The impetus for the company's growth, however, came from an application of the same technology: hydraulic pit props. Aviation was still close to the company's heart; in 1958 it bought the propeller business of Bristol Aircraft and Rolls-Royce, and built a successful aerospace business.

In recent years, however, it has lost its way. Last December, it announced that interim profits had collapsed from £38m to £10m and that its earnings would not cover the dividend. The news confirmed the damage caused to the company by recession in the aerospace industry. It also underlined the weaknesses of Dowty's attempted diversification into information technology and electronic systems. Dowty began looking vulnerable to takeover.

In the event, the bid has come from TI. Yesterday, Mr Lewinton argued that the two companies fitted well together. TI already has a substantial aviation business, making engine rings. If the bid goes through, the Dowty name would live on within TI as part of a strengthened UK aerospace industry, he said. "Dowty is a lovely name – probably better than TI."

Dowty's diversification had sapped management time and short-changed shareholders, he said. "We are taking a company back to its core origins and away from diversification."

TI would dispose of the information technology division, which has turnover of £180m and which Dowty already says it is trying to sell. It would also get out of most of the electronics systems business, which control engines for aircraft and missile systems. In total, businesses with total revenues of about £300m would probably be sold.

This is the sort of restructuring Mr Lewinton has overseen at TI. He sold the group's Raleigh bicycles subsidiary and its household goods division soon after taking over in 1986, and focused the business more on tubing, from which its original name, Tube Investments, had stemmed. TI's market capitalisation (less new shares from rights issues) has grown from £330m in 1986 to £1.1bn; Dowty's has fallen from £479m to about £340m over the same period.

For TI, says Mr Lewinton, a Dowty acquisition would be more of the same: in effect, two "bolt-on" acquisitions and a divestment programme. "I always thought that if we could have a group with an aerospace, an industrial and an auto arm then we were going to win," he says.

Combining the aerospace divisions would create a business under the Dowty name with sales of £400m, four times TI's current level of aviation revenues. There would be big head office savings at TI's headquarters at Abingdon or at Dowty's in Cheltenham.

Dowty's polymer business, which has sales of £100m, would be brought together with TI's John Crane International, which makes mechanical and gas seals. The linked businesses would have sales of £400m.

TI's third leg would remain the Bundy tubes operation in the US, which has sales of a little less than £400m and which is now the group's strongest business.

A successful takeover would leave TI diversified away from the UK in the way that Mr Lewinton, who has dual British and US nationality, quickly sought after taking the helm. After disposals, North America would account for about 40 per cent of sales, just above the current level, and the UK would shrink to 20 per cent.

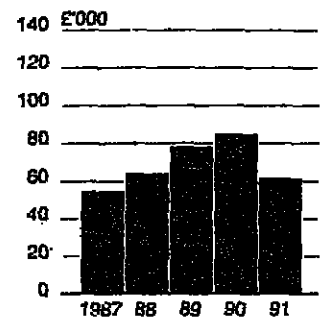
TI says the deal would have a broadly neutral impact on earnings in 1993, the first full year after the acquisition. It would dilute earnings this year, the company says, but not by enough to hinder dividend growth.

Mr Bruce Ralph, Dowty's chief executive, gave an immediate, "emphatic" rejection of TI's overtures. Stockbrokers' analysts however, compared Dowty's position to that of Hawker Siddeley, caught out by a bid from BTR last year. Trapped at the bottom of the cycle in two industries heavily hit by recession, Dowty's plans for rationalisation risk being seen as too little too late.

For watchers of the aerospace industry, now undergoing the most severe conditions in 40 years, TI's bid was not surprising. The industry has already consolidated, and may have further to go. Worldwide, there are only three main airframe makers, Boeing, McDonnell Douglas and Airbus. There are three aero-engine makers, Pratt & Whitney and General Electric of the US and Rolls-Royce. In avionics, there are four big competitors: Honeywell and Rockwell Collins in the US; Smiths Industries in the UK and Sextant of France. But two of these, Rockwell and Smiths, are in talks about close industrial co-operation.

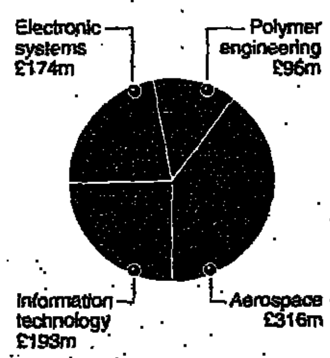
Such concentration was likely to spread through the industry to the component makers. As one analyst said yesterday: "TI brings more to Dowty than BTR brought to Hawker Siddeley – TI is actually buying something that makes strategic sense."

Dowty pre-tax profits

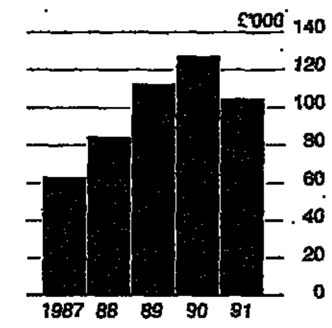


- Founded 1931 by the late Sir George Dowty.
- 1958 acquired propeller business from Rolls-Royce and Bristol Aircraft.
- 1987 created information technology division making modems and VDU terminals.
- 1991 lost crucial contracts with Fokker and Boeing for landing gear.

Turnover by sector 1991

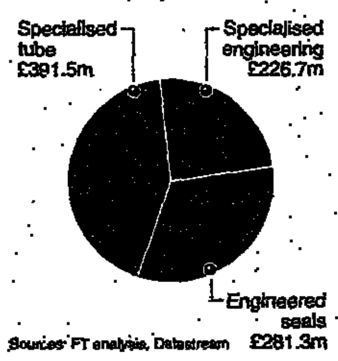


TI pre-tax profits



- Formed 1919 from amalgamation of two tube manufacturers.
- By 1939 it was the largest maker of precision steel tube in the world.
- 1967 turned to consumer goods after nationalisation of steel interests.
- 1986 sold Russell Hobbs; 1987 sold Raleigh and other cycle interests; 1988 acquired Bundy Corp, the US tube manufacturer.

Turnover by sector 1991



Sources: FT analysis, Datastream

Pechiney transfers assets as aluminium prices hit profits

By William Dawkins in Paris

PECHINEY, a leading aluminium producer and the world's largest packaging company, yesterday announced a 23 per cent decline in operating profits because of the sharp fall in aluminium prices.

The French state-controlled group also announced details of an asset re-organisation, which will leave its separately quoted 75 per cent subsidiary, Pechiney International, as a packaging company and put the aluminium business in the hands of the Pechiney parent.

Pechiney is to pay FFr3.84bn ($684m) net to take over Pechiney International's aluminium and trading businesses, representing FFr6.05bn of assets minus FFr2.2bn of liabilities.

Operating profits at the Pechiney parent group fell from FFr6.68bn in 1990 to FFr5.12bn last year, on sales down by 3 per cent to FFr74.42bn. Net earnings fell to FFr820m from FFr2.22bn in 1990, excluding extraordinary gains.

In packaging, operating profits rose by 13 per cent, but aluminium earnings collapsed, from FFr2.5bn to FFr1.48bn.

Mr Jean Gandois, the chairman, said prices were weakened by a sudden influx of cheap exports from the former Soviet Union. Pechiney is supporting European Commission moves to negotiate a voluntary restraint accord with the Russian republic.

Mr Gandois expected Russian exports to fall this year because stocks there were low and local demand was increasing. However, worldwide aluminium stocks were still higher than normal, Mr Gandois said.

The outlook for packaging was good, but overall the group expected first-half earnings to fall, with a possible improvement in the second half of this year.

Pechiney International also recorded a sharp drop in operating earnings, down 9 per cent to FFr3.29bn on sales up from FFr43.02bn to FFr45.12bn. Net profits fell by 26.8 per cent to FFr842m.

The assets transfer means that packaging will rise from 70 per cent to 85 per cent as a proportion of Pechiney International's sales. The purpose of the asset sale is to make Pechiney International more attractive to investors and so help it raise capital in line with the French government's decree last year that state industry could sell up to 49 per cent of its shares to the public.

Eurotunnel in breach of covenants

By Robert Peston and Andrew Taylor in London

EUROTUNNEL will disclose today that it is in breach of its banking covenants, or is in technical default, which means it is being forced to ask its 206 banks for permission to continue work on the Channel tunnel.

Although bankers said yesterday they were hopeful that the banks would give this permission – in the form of a waiver to the covenant – they said they viewed Eurotunnel's technical default as serious.

Eurotunnel's agent banks, which include National Westminster and Midland, were yesterday in Paris to discuss the issue.

The company, which has £8bn ($14bn) of credit facilities, is in technical default because it has increased its forecast of cash outflow over the next year. It has become more pessimistic in this respect because the tunnel's opening has been delayed from June 1993 until autumn next year and a full railway service will not operate until summer 1994.

As a result, Eurotunnel's revenues in the opening months of operation will be less than it had expected. But the company hopes demand for its services over the longer term will be greater than its earlier expectations. However, the contractor working on the project, Transmanche Link, has warned Eurotunnel that the tunnel may not be ready to open until the end of next year.

Eurotunnel's chief executive, Mr Alastair Morton, is expected to refute speculation that the company needs to raise new funds, either from a rights issue or extra bank facilities, over the short term. Eurotunnel is expected to have around £1bn of unused bank facilities by the time the tunnel opens.

However, the company may launch a rights issue after the tunnel has opened.

Bankers said it would be more difficult to obtain waivers in the light of Eurotunnel's setback last month in its lengthy dispute over building costs with TML.

An independent disputes panel ruled that Eurotunnel should triple its monthly progress payments to the contractors to more than £70m. The first payment is due next Thursday. Eurotunnel is likely to challenge the ruling.

Bankers said these additional payments to TML have not yet been built into Eurotunnel's financial projections. If the company had to make the payments, that would unsettle the banks.

Vickers sees Rolls-Royce sale prospects recede

By Kevin Done, Motor Industry Correspondent

VICKERS, the UK engineering group, said yesterday that offers received for its troubled Rolls-Royce Motor Cars subsidiary had been too low, in spite of discussions with potential purchasers which had ranged "far and wide".

Sir David Plastow, chairman and chief executive, told shareholders the range of valuations put on the business by others "does not match the long-term value which we think Rolls-Royce Motor Cars has to Vickers shareholders".

The receding prospect of an early sale of the heavily loss-making luxury car operations depressed the Vickers share price, which closed 10p lower at 154p.

Several shareholders pleaded with Sir David at the group's annual meeting yesterday to keep the car operations in British ownership. "My 90-year-old mother chased me to this meeting," said one. "She is absolutely horrified that the company could be sold to the Japanese or the Germans. There is much more to this than just a business deal."

Sir David, who retires at the end of May, said the Vickers board had considered "the options for the car business in the best long-term interests of shareholders".

It had held "exploratory discussions with a number of international companies" but Sir David claimed that "many people think they understand the Rolls-Royce Motor Cars business, but few do".

After the shareholders meeting, he said: "It could be that it is not for sale. That might be the conclusion that we are coming to."

While Rolls-Royce was having "a difficult time in its market place, the company is most definitely not in permanent decline", he told shareholders.

Mr Peter Ward, Rolls-Royce Motor Cars chairman and chief executive, said the car operations would reach break-even on a monthly trading basis during the final months of the year.

Sir David forecast that worldwide Rolls-Royce/Bentley sales in 1992 would be "at similar levels" to last year. Sales in 1991 plunged 48.3 per cent to 1,723 – the lowest level since 1968 – from the record 3,333 achieved in 1990.

In the first quarter of this year, UK sales of 109 were 47.8 per cent lower than a year ago, while sales in Japan fell from 179 to 58. In the US, sales recovered to 94 from 76.

Barlow Rand eyes Spanish target

By Peter Bruce in Madrid

BARLOW RAND, South Africa's biggest industrial conglomerate, is in talks to buy Finanzauto, Spain's principal distributor of earth-moving equipment. The purchase would be the largest South African investment on the Iberian peninsular.

Baring Brothers, the UK merchant bank advising Barlow Rand, said yesterday the South African group, through its British industrial affiliate, J. Bibby & Sons, was discussing making a formal takeover offer for Finanzauto. The Spanish stock market yesterday suspended trading in Finanzauto.

At its suspended share price, the Spanish company, which is the sole distributor of Caterpillar equipment in Spain, is capitalised at some $114m. Finanzauto has been hit in the past two years by a drop in orders as tight economic policies have dampened construction activity.

Pre-tax profits last year dropped 50 per cent to Pta1.3bn as sales fell from Pta61.1bn in 1990 to Pta52.5bn. A fierce marketing effort in Spain by Komatsu of Japan, which analysts say has concentrated mainly on under-pricing Caterpillar, has also sharpened the effects of the construction industry slowdown.

Many analysts in Spain expect the slowdown in construction to continue well into next year, particularly as Spain battles to trim its large public sector deficits as a prelude to entering the European Community's economic and monetary union.

The government is trying to hold spending in infrastructural work steady but it will find the going difficult if the EC does not quickly begin to transfer it funds through a new channel – so-called cohesion funds designed to help poor EC members who demonstrate they are enforcing fiscal discipline. But many of Spain's EC partners are loathe to support the new funds.

Scottish bank may seek Lloyds deal

By Robert Peston in London

BANK of Scotland, the Edinburgh-based banking group, is interested in taking up to 500 branches from Lloyds Bank, if Lloyds decides to bid for Midland Bank, it emerged yesterday. Such a deal might help Lloyds persuade the Monopolies and Mergers Commission not to block its bid.

Lloyds said yesterday it was keeping "under review" the question of what it should do in the light of Hongkong and Shanghai Bank's £3.3bn ($5.84bn) bid for Midland.

Lloyds believes the MMC may obstruct a takeover attempt because of concerns that competition in the market for small business loans may be reduced. If Lloyds were to transfer a significant number of branches to another smaller bank, such as Bank of Scotland, or the Scottish operations of National Australia Bank, that could increase competition.

According to banking sources, Bank of Scotland is likely to be interested in such a deal.

Banking sources also warned yesterday that Lloyds would probably need parliamentary approval in the form of a private member's bill to integrate fully its operations with Midland's. Under the parliamentary timetable, such approval might not be forthcoming until the end of next year.

Lloyds' board last night discussed the possibility of bidding for Midland over dinner, though formal debate is taking place this morning. However, if Lloyds does decide to make an offer, it may not launch its bid until after the weekend.

In today's board debate, Lloyds' executive directors, led by the chief executive, Mr Brian Pitman, are understood to be in favour of bidding.

There are six executives on the board, likely to be supported by Mr Michael Thompson, deputy chairman and formerly deputy chief executive.

There are also 12 non-executive directors whose views are harder to gauge, according to bankers. Lloyds' chairman, Sir Jeremy Morse, is said to be uneasy about making a move that would be viewed by Midland as hostile.

In his first public statement since it emerged a month ago that Lloyds was interested in buying Midland, Sir Jeremy said Hongkong Bank's bid had "implications" for all other big UK banks. Speaking at Lloyds' annual shareholders' meeting, he said: "We are keeping it under review."

Banque Worms problems depress UAP profit

By Alice Rawsthorn in Paris

UNION des Assurances de Paris, the largest player in French insurance, saw its net profits fall by 10.7 per cent from FFr4.22bn in 1990 to FFr3.77bn ($671m) in 1991 mainly because of the problems of Banque Worms, one of its banking interests.

Mr Jean Peyrelevade, chairman, described 1991 as a "difficult year" in which UAP, which is in negotiations with the Suez industrial group over its minority holding in the Victoire insurance company, was beset by the slowdown in the European insurance market, particularly in France and Italy, although it fared well in the UK and Belgium.

UAP, a state-controlled company, is the latest of the large French insurers to have announced a reduction in profits for 1991. On Thursday Axa disclosed a more dramatic 28 per cent fall in net profits to FFr2.4bn. Victoire last week announced a more modest decline of 1.7 per cent to FFr1.8bn.

Mr Peyrelevade refused to comment on the progress of UAP's discussions with Suez over the Victoire stake, despite speculation in the French press that an agreement is imminent.

UAP wants to exchange a large part of its 34 per cent stake in Victoire for 50 per cent of Colonia, the German insurance company controlled by Victoire.

The deal would enable UAP to fulfil a long standing ambition of expanding in the vast German insurance market. Mr Peyrelevade said that, Germany apart, UAP did not intend to further expand its international interests in the foreseeable future.

Despite a decline in earnings per share from FFr50.2 to FFr44.8, the board proposed to hold the dividend at FFr11.

Greece plans telecoms privatisation

GREECE plans a partial privatisation of OTE, the state telecommunications monopoly, through a trade sale of at least 20 per cent of the company. The sale will be followed by a share flotation on the Athens Stock Exchange, writes Kerin Hope in Athens.

The trade buyer would be expected to take over management of OTE which, with net income of Dr41bn ($213m) in 1990 on turnover of Dr200bn, is the only profitable Greek utility.

The government has appointed Credit Suisse First Boston, the international merchant bank, as its adviser on the sale. CSFB is already advising it on the selection of private operators for two mobile telephone networks to be launched in the Athens district next year.

The size of the flotation will be determined by the percentage of OTE acquired by the trade buyer. However, no more than 49 per cent of the utility can be privatised under the provisions of the Greek constitution.

Acquisitions help boost sales by 23.7% at Sasib

SASIB, the diversified precision engineering group controlled by Mr Carlo De Benedetti's CIR holding company, raised net group profits by 4.3 per cent to L73.2bn ($59.22m) last year, writes Haig Simonian in Milan.

Consolidated sales at the group jumped by 23.7 per cent to L766.6bn due to a continuing acquisitions drive. Adjusted for new purchases, sales rose 5.3 per cent last year.

The company, which produces food processing equipment and railway signalling technology with its original business of building cigarette-making machines, is paying an unchanged dividend of L230 for ordinary shares and L250 for savings shares.

Mr Gian Carlo Vaccari, managing director, said Sasib owned almost 3.2 per cent of Credito Romagnolo, the big Bologna-based bank which recently raised to 10 per cent the limit on the the size of stakes which could be held by individual shareholders. In October, Sasib owned only 1.85 per cent of the bank.

Wasa turns in operating loss

WASA, the Swedish insurance group, said its non-life insurance and finance operations, which are due to be listed on the Stockholm bourse in 1993, made an operating loss last year, writes Sara Webb in Stockholm.

The combination of heavy credit losses in the real estate sector and big claims related to storm damage abroad led to an operating loss of SKr395m ($66m) last year, compared with an operating profit of SKr57m in 1990. Premium income increased by 10 per cent to SKr4bn, the group said.

Wasa's life insurance operations, which rank third in Sweden after Skandia and Trygg-Hansa SPP, more than doubled operating profit, to SKr2.25bn from SKr981m in 1990 despite a drop in premium income from SKr3.6bn to SKr3.4bn.

Thomson-CSF helped to 8% rise by cost cutting

By William Dawkins in Paris

THOMSON-CSF, the French state controlled defence electronics group, yesterday announced an 8 per cent rise in last year's net profits and forecast another earnings increase this year.

The group reported net profits of FFr2.34bn ($417m) in 1991, up from FFr2.17bn in the previous year, on turnover down by 5 per cent to FFr35bn. Thomson-CSF attributed the profits improvement to a fall in restructuring charges and the gains of previous year's efforts at cutting costs.

Mr Alain Gomez, the chairman, said profits should rise in 1992, assuming a constant company structure, but he warned that the $300m acquisition of the missiles operations of LTV of the US would create slight dilution of earnings. Thomson-CSF's bid was approved by a US bankruptcy court 10 days ago, and the group is now waiting to see if it can win the final go-ahead from the US committee on foreign investment, expected to make a decision in three months.

Thomson-CSF warned that sales should fall again by between 3 per cent and 5 per cent this year, because of the continuing reduction in defence spending by its government customers, and the winding down of a large missile contract for Saudi Arabia. However, the group said it would continue to restructure and look for opportunities to buy market share.

Despite the defence spending slowdown, Thomson-CSF has managed to keep its order book steady.

BNP doubles dividend as earnings advance 82%

By Alice Rawsthorn

BANQUE Nationale de Paris, one of the largest French banks, yesterday announced it was doubling its dividend from FFr7.8 in 1990 to FFr15.75 in 1991 after increasing net profits by 82 per cent from FFr1.6bn to FFr2.9bn ($516m) last year.

The BNP announcement comes towards the end of a very mixed set of annual results for the French banks. BNP, which saw its profits fall sharply in 1990 after it was forced to make hefty provisions on its loan losses, managed to muster a recovery last year although its net profits have not yet regained the FFr3.4bn achieved in 1989.

This follows the same pattern as Société Générale, another of the big state-controlled banks, which last week announced its return to profits growth after a steep increase in provisions for 1990.

By contrast, other French banks had a tough time in 1991 when they were forced to make dramatic increases in provisions. Paribas, the investment banking group, recently announced its first ever loss of nearly FFr200m. Crédit Lyonnais, together with BNP and Société Générale, saw 1991 profits fall sharply after doubling provisions to FFr9.5bn.

The decision to double BNP's dividend marks the improvement in the bank's performance in 1991 when it managed to raise its earnings per share from FFr23.63 to FFr41.51. BNP had previously announced a 7.7 per cent increase in net banking income from FFr35.2bn in 1990 to FFr37.9bn in 1991.

Northern Telecom gains for 13th consecutive period

By Bernard Simon in Toronto

NORTHERN Telecom, the Canadian telecommunications equipment maker, has posted its 13th consecutive quarter of profit growth, with an 11.2 per cent rise in first-quarter earnings.

However, management's cautious outlook and a recent drop in Northern's share price suggest that the long climb in profits may be difficult to sustain much longer. A mainspring of improved performance over the past year has been the US$2.6bn acquisition of STC, the UK telecoms group, which took effect on March 1, 1991.

Nortel declines to disclose the precise contribution of STC, which has been integrated into its European operations.

Mr Martin Mand, chief financial officer, said yesterday an "apples-with-apples" comparison would not be possible until the third quarter of this year. Nortel sold three STC businesses shortly after the takeover.

Nortel earned $104.2m, or 41 cents a share, in the first quarter, up from $93.7m, or 36 cents a share, a year earlier.

Revenues edged up to $1.9bn from $1.86bn. Order input rose 18 per cent to $1.63bn.

Much of the growth came from sales of telephone equipment to private customers in the US, where the company said it had been gaining market share.

On the other hand, sales of central office switches and transmission products fell slightly.

Mr Paul Stern, chairman, expressed satisfaction with the first-quarter performance, but added that "continuing uncertainty in worldwide economies causes us to maintain a cautious outlook".

Nortel expected its joint cellular phone venture with Motorola to start taking orders within the next month or two. Mr Mand said the process of agreeing on a business plan, setting up an organisation and assigning jobs was "right on schedule".

Nortel's shares were trading at C$53 on the Toronto stock exchange yesterday morning, below their record of C$58.50 reached earlier this year.

Ralston may spin off baking subsidiary

By Nikki Tait in New York

RALSTON Purina, the consumer products company which last week acquired Ever Ready, the UK battery business, from Hanson for $227m, is considering spinning-off of its baking subsidiary to shareholders.

Ralston said the aim of the move was "to enhance shareholder value by focusing more specifically on its other core businesses".

The subsidiary, Continental Baking Company, claims to be the nation's largest wholesale baker of fresh delivered bread and sweet baked goods, and makes about 250,000 direct sales calls and deliveries each day. Its brands include the Wonder bread products and Twinkies cupcakes.

The bakery business was bought by Ralston in 1984 from ITT, the conglomerate.

In the year to end-September, the company had sales of $1.97bn, and total assets of $765m. Its operating profit was $140m, after environmental and restructuring charges of $17m.

The "demerger" plan will be reviewed by directors of Ralston, based in St Louis, on May 28.

Even if it is approved, tax clearances and other technical matters will have to be resolved, and the transaction would probably not take place for another nine to 12 months.

Ralston said the move would probably involve a dividend of up to $600m being paid from Continental Baking Company to Ralston.

Ralston's proposed moves come amid a modest spate of demergers in the US – ranging from Union Carbide, with its industrial gases business, to Dial Corporation with its financial services division.

The bakery market in the US – in common with the UK – is a mature industry, with total sales of $7.4bn and static volumes in 1991. Continental saw lower volumes in 1991, although higher margins meant operating profit was flat.

Sara Lee rises to $138m

By Nikki Tait

SARA LEE, the large Chicago-based consumer products company, yesterday announced a 13.9 per cent rise in after-tax profits, to $137.6m, for the three months ended March 28.

The increase came on a 5.4 per cent rise in sales to $9.84bn, and takes Sara Lee's profits for the first nine months of its financial year to $590.4m. This compares with $368.1m in the same period 12 months earlier.

Earnings per share were 12.8 per cent higher in the third quarter, at 53 cents, and up by 51.9 per cent, at $2.34 for the nine months.

● **Quaker Oats** has reported a net profit of $56.6m in the third quarter to the end of March, down from $63.1m for the same period a year ago. Sales were static at $1.33bn.

Sun Micro edges ahead

By Karen Zagor in New York

SUN Microsystems, the leading US manufacturer of computer workstations, unveiled a 5 per cent improvement in third-quarter net income to $61.4m, or 60 cents a share, on revenues that rose 12 per cent to a record $952.2m.

In the quarter a year earlier, the company, based in Mountain View, California, had net income of $58.7m, or 56 cents a share, on revenues of $848.3m.

On Wall Street, Sun Microsystems' shares have been volatile recently amid concern that it would not be able to live up to expectations of tremendous growth.

The company has been one of the fastest-growing in the computer industry.

For the first nine months, Sun had net income of $185.6m, or $1.34, up 9 per cent from $123.9m, or $1.21, in the same period last year. Revenues advanced 15 per cent to $1.62bn.

Mr Kevin Melia, chief financial officer, said demand in the third quarter had been particularly strong in the Pacific Rim, especially in Japan. Growth was more modest in the US and Europe.

McDonnell Douglas hit by $80m provision

By Martin Dickson in New York

MCDONNELL Douglas, the US defence and aerospace group, suffered a 10 per cent drop in first-quarter net earnings after taking an $80m pre-tax provision for losses on the C-17 military transport aircraft it is developing for the Pentagon.

The C-17 has been at the centre of a long-running controversy between the company and certain Pentagon officials who have alleged that the fixed-price programme has suffered from severe cost overruns. McDonnell Douglas has denied this and the provision is small relative to the size of the $6.6bn programme.

The company reported earnings of $52m, or $1.34 a share, compared with $58m, or $1.50, in the same period of last year, after taking the provision. But it added that earnings would have been up 74 per cent without the charge, with an improved financial performance across most aerospace programmes. Revenues were little changed at $4.15bn, against $4.24bn.

Its commercial aircraft operations saw operating earnings rise $15m to $43m and its missiles, space and electronics systems business produced a $14m rise to $54m. The C-17 provision cut the military aircraft segment's profits to $41m.

The figures were helped by a $28m reduction in interest expense on its aerospace side and $17m of pension income, thanks to a change in actuarial assumptions.

The company said the C-17 loss was caused by estimated cost growth in the portion of the programme which included research, development and the first six production aircraft. This was now 90 per cent complete. Losses in this area had been partly offset by performance on the four following production aircraft.

The figures underlined the softened market for civilian aircraft. McDonnell Douglas has substantially reduced its high level of indebtedness over the past year but in this quarter the trend was reversed.

Aerospace debt at March 31 was $2.57bn, up from $2.39bn at the end of December. The company said this was due primarily to reduced commercial aircraft deliveries and lower bookings.

American Barrick improves 49%

By Bernard Simon

AMERICAN Barrick, the Toronto-based gold producer, has credited active hedging and rising output from its flagship Goldstrike mine in Nevada for a 49 per cent jump in first-quarter earnings.

In spite of the sagging bullion price, Barrick lifted earnings to US$23.2m or 16 cents a share, from $15.6m or 11 cents a year earlier. Revenues climbed to $81.5m from $73m.

Barrick has hedged its output until the end of 1994 at an average price of $425 an ounce. This is the price it received in the first quarter, in spite of the average Comex price of $351.

Production from the five mines in which Barrick has an interest grew to 202,505 ounces from 171,980 ounces. Almost the entire increase was due to a 38 per cent rise in output from Goldstrike.

Barrick said that Goldstrike's production will continue to rise significantly in the second half of 1992 with the mining of high-grade sulphide ores. The company expects production for the year to be about 1.2m ounces.

Strong medicine restores US banks

Martin Dickson examines the changing fortunes of a hard-pressed financial sector

Pandemonium. Feeding Frenzy. Panic Buying. Those are some of the more colourful adjectives being bandied around Wall Street this week to describe a remarkable rise in the price of bank shares following the industry's release of surprisingly strong first-quarter figures.

Shares in Wells Fargo, the large California-based banking group, stood nearly 19 per cent higher at lunchtime yesterday than on Tuesday, just before it announced far better than expected figures. Shares in Citicorp, the nation's largest banking group, were 13 per cent higher than before its results announcement.

Analysts have been scrambling to raise their 1992 banking profits forecasts. Mr Ronald Mandle, an analyst at Sanford C Bernstein said he had raised estimates on 60 per cent of the businesses he tracked.

Why the sudden surprise? After all, the fundamental forces reshaping the US banking industry have been visible to industry observers for some time.

For the past 18 months the sector has been grappling with crisis levels of commercial bad debt, the result of imprudent lending to the over-heated US property sector in the 1980s and the more general impact of recession on businesses' ability to service loans.

The banks have clearly been on a slow, gradual path to recovery as they have taken large doses of medicine, including heavy bad debt provisioning, slashed dividends, mergers, the sale of non-essential assets and big cuts in their bloated operating costs.

What has surprised Wall Street this week is the speed at which these actions seem to be producing results. This, coupled with a singular absence of nasty shocks during this reporting season, has reinforced the perception that the industry has turned the corner. The outlook was brighter than at any time in the past five years, said one analyst.

That may be so, yet the capacity of individual banks to produce some unpleasant surprises over the next few months should not be under estimated. The property market, in particular, could produce more problems, particularly in southern California.

Three factors lay behind the greater-than-expected profits increases of the last quarter.

● A stabilisation, or drop, in banks' provisions for bad commercial loans. For example, Chemical Banking, which merged with Manufacturers Hanover at the end of last year, saw its loan loss provisions drop from $450m in the fourth quarter to $375m, some $50m below the market's expectations.

Citicorp, the largest US bank, which has suffered severe credit quality problems, reported a rise in net loan loss provisions from $1.15bn at the end of last year to $1.23bn. Its heavy exposure to bad property loans was underlined by the fact that $588m of the total involved North American commercial real estate, up from $562m the previous quarter.

However, there appears to be light at the end of the tunnel. Mr John Reed, the chairman, said the domestic real estate portfolio had stabilised and while he was forecasting commercial credit write-offs this year at roughly the same level as 1991, the position was expected to improve in the second half.

Yet analysts remain uncertain as to whether the precipitate drop in real estate values over the last few years has touched bottom, or whether there could be further to fall.

Particular doubt surrounds heavily overstocked southern California, where many analysts believe the property market is still weakening. Wells Fargo, in spite of its strong first-quarter operating performance, nevertheless suffered a 9 per cent rise in non-performing assets, compared to the fourth quarter, and many analysts remain cautious about its outlook.

● Improving net interest margins. This is the difference between what a bank pays to borrow funds and what it charges to lend money. Margins have been generally improving, albeit with substantial regional variations, for much of the past year. This was helped by the Federal Reserve's lowering of short-term interest rates and lesser reductions by banks in the cost of borrowing.

● Cost cutting. Financial crisis has forced banks to slash their costs, either through internal shake-ups or mergers with rivals. The positive effects of these moves showed up strongly in first-quarter figures.

For example, Citicorp, which cut its workforce by about 1,000 people during the quarter, to about 85,000, produced a 6 per cent cut in expenses. Chemical said it saved $50m during the quarter thanks to workforce reductions following the merger with Manufacturers Hanover. Its ratio of non-interest operating expense to total operating revenue improved to 62.6 per cent from 65.5 per cent in the fourth quarter and the bank said it was on target to realise $750m of savings by 1995.

These factors, together with asset sales, have helped banks repair their capital ratios, with even laggard Citicorp showing a substantial improvement in the quarter. Its total risk-based ratio stands at 8.12 per cent, above the regulatory minimum, while its Tier One ratio – which must be above 4 per cent by the end of the year, according to the Basle agreement – rose to 4.06 per cent.

Wall Street expects the sector's earnings to continue growing for the rest of this year and into 1993 as provisions decline, interest margins remain strong and expense cutting works its magic.

Rising interest rates could dent the performance, as could a trend to lower rates on credit card receivables. But by next year, assuming the economy continues its recovery, these factors should be outweighed by a resumption of loan growth.

Yet for all this week's euphoria, much of the sector still has a long way to go to restore its profits and ratios to levels which are satisfactory by historic standards. Citicorp may have doubled its quarterly net income to $183m, but this is small for a bank with assets of $217bn and it would probably have lost money without a hefty contribution from asset sales.

Mr Reed said that there was still a great deal to do when he told Citicorp's annual meeting that the group aimed to restore its normal earnings capacity by the end of this year and put its capital problems behind it by the end of 1993.

US BANK RESULTS

	1st Quarter 1992 net income $m	Per cent change on year	Net interest margin (%) 1st Q 92	v 1st Q 91
Banc One	179	+38	6.82	6.17
BankAmerica	303	+7	4.64	4.32
Chase Manhattan	141	+21	3.93	3.83
Chemical Banking	260	+44	3.72	3.07
Citicorp	183	+97	3.76	3.65
NationsBank	310	+95	3.89	3.81
Wells Fargo	119	-22	5.70	5.06

Compiled by Rhiko Nachoma, New York

O&Y likely to win fresh funding for Canary Wharf

By Robert Peston

OLYMPIA & York's bankers said yesterday they were likely to provide the property developer with new borrowings to continue work on the Canary Wharf project, but would give far less than the £110m ($193m) requested by the company.

However, by late yesterday bankers had still not made a final decision. They were meeting with their advisers – the accountants Ernst & Young and the property surveyor Hillier Parker – to assess O&Y's financial prospects.

They are unlikely to communicate their decision to O&Y until this morning. Mr Steve Miller, in charge of O&Y's negotiations with its banks, said it would be "only a modest disappointment" if O&Y got less than it wanted.

O&Y requested £110m to cover Canary Wharf's building and fitting-out costs for the next 90 days, during which O&Y hoped to arrange a complete reorganisation of its C$14.3bn (US$12.1bn) debt.

However, the 11 lenders to Canary Wharf are expected to provide funds to meet requirements for a much shorter period, pending a thorough assessment of the value of O&Y's properties.

O&Y may be granted a facility of less than £50m. "There is a wish to keep the lights on [at Canary Wharf]," said a banker. However, he said that the banks – which include Citicorp of the US, Crédit Suisse of Switzerland, Royal Bank of Canada, Canadian Imperial Bank of Commerce, Barclays of the UK and its rival Lloyds – were baulking at a request from O&Y that they commit their existing loans for five or six years.

"At the moment we are in no position to see if there are any black holes [or sources of potential losses] at O&Y," the banker said.

He said that if the banks provided new money, they would not hand it over in one tranche to O&Y. The property developer would have to submit claims for expenses to Ernst & Young, which would then decide whether the expenses should be paid.

US oil groups hit by low prices

By Martin Dickson in New York

EXXON, the largest US oil company, and Texaco yesterday reported sharply lower first-quarter profits, continuing an industry trend reflecting lower crude oil prices.

Exxon reported net income of $1.35bn, or $1.07 a share, down from $2.24bn, or $1.78, in the same period of 1991.

However, Mr Lawrence Rawl, Exxon's chairman, noted that net income had been up more than 20 per cent from the $1.12bn recorded in the "more typical" fourth quarter, in spite of lower crude realisations, a weak US market for natural gas and softer economic conditions in many markets.

He said the results had benefited from stronger natural gas sales in Europe, improved earnings from worldwide chemicals operations, overseas tax credits and asset sales.

Operating volumes were strong, with liquids production, natural gas production, refinery runs, petroleum product sales and chemical sales all higher than in the first quarter of last year.

US exploration and production made $125m, down from $150m, while foreign production earned $785m, up from $721m. Refining and marketing profits slumped from $256m to $23m in the US, and from $1.097bn to $450m abroad. Chemicals saw profits dip from $123m to $87m in the US and from $100m to $63m abroad.

Texaco reported net income of $200m, or 68 cents, compared to $415m, or $1.51, in the first period of 1991. Revenues dipped from $10.2bn to $8.6bn due to lower prices, offset only slightly by higher sales volumes for refined products.

Mr James Kinnear, Texaco's chief executive, said world economic weakness had lessened demand for crude oil and petroleum products, with a 15 per cent drop in crude prices since the first quarter of last year.

He said Texaco intended to maintain its strong financial position and was reducing its planned capital expenditure for the year by 10 per cent.

Meanwhile, Occidental Petroleum, the Los Angeles based group undergoing a broad restructuring, reported net income of $98m, or 32 cents a share, down from $136m, or 45 cents, in the first quarter of last year.

McDonald's advances 11% to $187.4m

By Barbara Durr in Chicago

MCDONALD'S, the world's largest fast food company, reported that its first-quarter net income had risen 11 per cent to $187.4m, or 51 cents a share, from $168.5m, or 46 cents, in the 1991 quarter.

Worldwide sales increased 9 per cent to $4.92bn from $4.53bn in the year-ago period.

Its domestic business, in which sales had been growing slowly and profit margins had declined, benefited from price discounting and other promotional programmes, coupled with efforts to reduce development and operating costs.

Domestic sales grew by 5 per cent during the first quarter and margins at company-operated restaurants improved to 17.9 per cent of sales, compared with 15.9 per cent a year ago. Sales outside the US continued their fast pace at 14 per cent, in spite of the drag of a stronger dollar.

In the first quarter, the company added 50 restaurants, 42 of which were outside the US.

Linotype falls into red and omits payout

By Andrew Fisher in Frankfurt

LINOTYPE-HELL, the German printing equipment manufacturer, will not pay a dividend for 1991 after falling into the red as a result of weak export sales and heavy restructuring costs.

It announced a group net loss of DM9.9m ($5.95m) compared with a profit of DM37.5m in 1990. The decision to leave out the dividend follows a cut of DM2 to DM13 a share in the previous payment.

Mr Wolfgang Kummer, chief executive, described 1991 as an "extraordinarily difficult year". Turnover had risen from DM806m to DM1.2bn, but this was entirely because of Linotype's merger with Rudolf Hell, formerly owned by Siemens, the German electrical and electronics group, which has a one-third stake in the enlarged company.

Excluding the effect of the merger, sales were 19 per cent lower; incoming orders fell at the same rate.

Problems in the world economy masked progress made in restructuring the group and in improving its product range. Because of the slump in foreign business, the export share of turnover dropped to 60 per cent from 70 per cent.

However, Mr Kummer expressed optimism about 1992 after a 15 per cent rise in orders in the first quarter. He hoped Linotype-Hell, the world's biggest maker of image-setting and reproduction equipment, would be able to resume dividends this year on the basis of "a markedly improved profit situation".

He said the full impact of the extensive reorganisation – including a 20 per cent cut in the workforce to 4,700 people since the merger in October 1990 – would become apparent this year.

Mr Karl Heinz Midunsky, finance director, said DM200m of overhead costs, notably on the labour side, had been eliminated. This gave Linotype-Hell a lower break-even point. Another hopeful development is an array of new products which was well-received at a recent trade fair.

Delta Air posts another large loss

By Nikki Tait in New York

DELTA Air Lines, the large US carrier which acquired Pan Am's European and US east coast shuttle operations last year, yesterday posted a $151.6m loss after tax for the three months to end-March.

Delta's deficit outstrips the $84.1m deficit which the company posted in the same period a year earlier – when the Gulf war depressed traffic volumes and led to losses in the airline industry worldwide.

It is the second of the US carriers to report results for the first three months of 1992, and its large loss contrasts with the modest $20m profit which American Airlines, one of its big rivals, managed to accrue.

At the operating level, the 1992 deficit is significantly larger than the after-tax loss – amounting to $199.3m. This compares with a $115.1m loss in the 1991 first quarter.

Operating revenues increased from $2.29bn to $2.81bn, partly reflecting the inclusion of the Pan Am routes. However, operating costs jumped more sharply, from $2.41bn to $3.01bn. This was in spite of a slightly lower fuel bill, at $350.8m, against $376.3m.

A notable 39 per cent increase came in the miscellaneous cost item, up from $322m to $434.7m – with the explanation lying partly in "costs related to bringing the operation of acquired international routes up to Delta's standard".

Delta also blamed the large quarterly loss on "relatively weak domestic traffic", and the increased costs associated with the acquisition of the transatlantic and intra-European routes.

Throughout its history, Delta has been primarily a domestic carrier, well-respected for its conservative style. The Pan Am deal, however, took the company into Europe in a big way for the first time, and laid down Delta's marker as a third international US carrier, to compete with American and United Airlines.

● Underling the continued undercutting by ailing airlines in the US, Trans World Airlines said yesterday that it planned to establish an Atlanta "hub". TWA, which is in bankruptcy, said it also would operate services to nine other US cities, with introductory one-way fares of $69 to $89.

Monsanto slips in first quarter

By Karen Zagor in New York

MONSANTO, the US chemicals company, yesterday posted a 3 per cent decline in first-quarter net income to $161m, or $1.28 a share, on sales down 1 per cent to $2.19bn.

A year earlier, Monsanto had net profits of $166m, or $1.31, on sales of $2.22bn. The Missouri-based company said 1992 sales had excluded revenues from several businesses involved in its restructuring.

Mr George Krug, an analyst at Oppenheimer, had expected weak earnings comparisons for 1992, and Wall Street's reaction to the results was muted. At midday, Monsanto's shares were $½ lower at $67.

Monsanto's agricultural division turned in operating income of $149m, just below the $151m reported last year, in spite of sales that rose to $515m from $499m a year ago. The decline was blamed on non-recurring factors.

Mr Richard Mahoney, chairman and chief executive, said group income had actually increased in the quarter when adjusted for non-recurring factors and a disposal.

The company's chemical unit achieved operating income of $87m on sales of $896m, compared with operating income of $83m on sales of $927m a year ago. The business benefited from lower raw material and manufacturing costs and higher sales volumes which offset a decline in selling prices.

The Searle pharmaceuticals division had first-quarter operating income of $23m, against $19m a year ago, on sales which rose to $363m from $341m in the 1991 quarter.

Operating income from Fischer Controls fell 38 per cent to $13m, while sales eased nearly 7 per cent to $215m from $230m.

Operating income from the NutraSweet artificial sweetener business was nearly static at $38m, against $39m a year ago. Last year's figures included a $10m reorganisation charge. Sales in the 1992 quarter fell to $199m from $226m.

Bombardier makes progress

By Robert Gibbens in Montreal

BOMBARDIER, the Canadian aerospace and transit equipment group, reported higher profits for the year to the end of January, and is lifting its latest quarterly dividend by 25 per cent.

Earnings were C$107.7m (US$91.27m), or 73 cents a share, against $100m, or 71 cents, the previous year. Sales for the year were $3bn, against $2.8bn.

Fourth-quarter profit was C$36.8m, or 34 cents a share, up from C$33.3m, or 24 cents a share on fewer shares outstanding. Sales for the quarter were $965m against $801m in the year-earlier period.

Full-year results of the Lear Jet operations were included in the current reporting period, against the unit's results for 10 months in the previous period. In the fourth quarter, sales of consumer products were higher.

However, Bombardier said results from the transit equipment operations in Europe were disappointing. Though sales were up sharply, Eurorail of Belgium posted a loss. Bombardier has put in new management to enable it to handle profitably a much higher level of production.

The new quarterly dividend rate is 5 cents a share, after a recent two-for-one stock split.

MCI improves to $134m

By Nikki Tait

MCI Communications, the second largest long distance telephone network in the US, yesterday reported first-quarter profits of $134m, or 51 cents a share, up from $123m, or 48 cents, a year earlier.

Revenues improved from $2.025bn to $2.225bn, partly because of continued inroads into the consumer markets.

Mr Douglas Maine, chief financial officer, said promotions and discounts resulted in higher traffic growth.

"We remain cautious as to the extent any economic recovery will affect these results," he added.

IBM invests in Hungarian computer maker

By Nicholas Denton in Budapest

INTERNATIONAL Business Machines, the US computer company, is making its most important move into eastern Europe by taking a majority stake in a subsidiary of Muszertechnika, the privately owned Hungarian computer distributor and manufacturer.

With its link with Muszertechnika's MT-Computers subsidiary, IBM hopes to strengthen its position in the Hungarian market, which is dominated by clones of IBM personal computers, mainly of east Asian origin.

IBM's share of sales of personal and mini-computers in Hungary stood at 10 per cent in 1991. Muszertechnika currently has a 25 per cent share of the Hungarian market.

Muszertechnika, which IBM Hungary described as the most advanced computer company in eastern Europe, is already a supplier of add-on boards for the US company's personal computers.

The IBM equity investment in MT-Computers, for a sum not yet disclosed, follows efforts by Arthur Andersen, the accountancy firm, to liquidate the late Mr Robert Maxwell's 10 per cent stake in the Muszertechnika holding company.

Muszertechnika said that the worth of the group had increased since the Maxwell share purchase last year, which valued it at $110m.

All eyes on The Equitable's transformation

Nikki Tait reports from the troubled US insurer's demutualisation process hearings

Two years ago, Mr Claude Bébéar, the colourful chairman of France's Axa insurance group, tried to acquire Farmers Group, the US insurance subsidiary of BAT Industries of the UK. He spent months testifying before state insurance commissioners across the US – and got nowhere.

This week, his new US target, The Equitable, started public hearings in a complex demutualisation process which could ultimately transform Axa's earlier $1bn investment in the ailing US life insurer into a 49 per cent stake. The process lasted half a day, and no one from Axa was even visable.

The difference is that this is a friendly deal. The worry is not whether Axa's influence on The Equitable will be benign or malevolent, but whether confidence in America's fourth largest insurer has recovered sufficiently to permit a smooth sale of its shares later this year.

The demutualisation process, however, is important: On the one hand, it is setting down markers which other US mutual insurers may seek to follow. On the other, it has provided the first readily-comprehensible insight into Equitable's financial affairs.

Demutualisation is the procedure by which a mutual insurer – that is, one controlled by its policyholders – turns itself into a "conventional" company, owned by shareholders.

The motive for undertaking such a complex legal manoeuvre is simple. A shareholder-owned company can easily raise new funds on the stock market, while a mutual's access to new capital is limited. As Mr Dick Jenrette, Equitable's chairman, has noted, this basic advantage has already prompted a sharp decline in mutuals' market share. Twenty years ago, mutuals accounted for 50 per cent of the capital in the US life industry; today the figure is just 30 per cent.

A few demutualisations have occured in the US before, and many state insurance departments now have guideline rules governing the process. But Equitable, with total assets under management of $140bn, is by far the largest American insurer to tackle the task, and it is doing so when the need to bolster capital resources is widespread within the US insurance industry.

It is also being supervised by the New York State Insurance Department, probably the best state regulatory agency. In short, everyone knows that a textbook case is being written for other insurers to follow. "I notice some other mutuals represented in the room," remarked Mr Salvatore Curiale, the New York Insurance Superintendent, underlining this point as hearings began.

The tricky part of any demutualisation is to divide up the current worth of the insurance business between policyholders in a manner that is fair. In Equitable's case, matters are complicated by the $1bn capital infusion which Axa provided last summer, when the US insurer's need for funds was acute. In return, the French negotiated the right to between 40 and 49 per cent of Equitable's equity once demutualisation – and an associated offering of shares to outside investors – was complete.

With all this in mind, Equitable's approach has been to collect existing dividend-paying policies into a "closed block" and to assign a clearly-defined portion of its assets to support them. This has demanded some fancy actuarial footwork, and the use of a generous 9.9 per cent reinvestment rate – for cashflows from these investments – has already provoked some comment.

Equitable advisers, however, contend that the rate is consistent with that implicit in the 1991 dividend scales. If it is over-optimistic, they admit, dividends will have to fall – but that would have happened regardless of demutualisation.


Claude Bébéar (left) and Dick Jenrette: this time the deal is friendly

As for the allocation of shares in the "demutualised" company, Axa's investment agreement determines its portion. It is, perhaps, worth noting that the French insurer stands to earn a hefty 22 per cent annual return on the $1bn investment.

However, before anyone complains about such generosity, the bankers point out that the return is delivered in risky equity – not solid cash payments –, and Equitable counts as "a substantially leveraged investment". No-one else, they also observe, wanted to supply a $1bn cheque.

Among policyholders, shares are allocated on two principles: everyone gets three shares, regardless of the size or type of policy, to reflect their "ownership" interest; further shares are then appropriated on the basis of each policy's contribution to Equitable's surplus. This, in turn, has promoted yet more complex actuarial arithmetic.

Again, there has been some modest controversy. Why, it has been argued, should so many shares – perhaps almost a quarter of those going to policyholders – be allocated on the fixed basis? After all, certain types of policies – such as the "guaranteed investment contracts" (GICs) – have caused The Equitable to lose hundreds of millions of dollars.

On the second score – Equitable's financial health – the insurer's prospective stockmarket debut has brought a wholesale accounting change. Like all stock market companies, The Equitable must now restate its earnings under the more rigorous SEC's GAAP accounting rules; previously, in common with most mutual insurers, it reported under the statutory system used by the state regulators.

For the layman, this means that the figures take on a far more familiar format – and look none the prettier for that. Equitable produced an after-tax loss of $453.8m in 1990 under GAAP rules, and then another $651.1m deficit in the first nine months of 1991.

In truth, things were not quite that bad. The nine-month loss contained only a $146.5m deficit from continuing operations. And that, in turn, was struck after adding $368m to valuation allowances to cover impaired assets, plus a $29.7m write-down for publicly traded securities.

The more damaging $493.5m deficit from discontinued operations referred to the GIC business, with the Equitable attempting to provide for future losses as these contracts run out. The GIC loss provisions were then increased by a further $103.6m in the fourth quarter. Total loss provisions, says the insurer hopefully, now "represent the estimated present value of all future losses on GIC contracts".

Still, in the first nine months, individual insurance and annuity surrenders were still running at $1.88bn – up 53 per cent on the previous year – although Equitable says the position has improved since then. Meanwhile, at end-September, equity real estate investment accounted for 12.6 per cent of the core investment portfolio; junk debt and equity interests, 14.2 per cent; and mortgages, 29 per cent.

All that noted, some of the US rating agencies monitoring the insurer closely now seem relatively sanguine about prospects. Standard & Poor's, for example, says it found nothing surprising in the financial information. It still had the company on "creditwatch", but with developing rather than negative implications.

Meanwhile, Equitable's 2.2m policyholders, who get to vote next month on the demutualisation proposal, seem understandably baffled by the bulky documents. The insurer had logged 95,000 calls by the end of last week, largely from people seeking to discover whether their policies would be affected.

Nevertheless, aside from the inevitable policyholder lawsuit and a handful of letters to the insurance department, scepticism rather than objection seems to be the order of the day. What guarantee was there, demanded one man at the hearing, that any new money raised would not be put to equally bad use?

"I can't guarantee that we won't make mistakes in the future," replied Mr Jenrette, "but we do have a new management team".

Nippon Mining to assist US subsidiary

NIPPON Mining, the Japanese non-ferrous metals and petroleum refining group, is to provide nearly $150m to help Gould, its debt-ridden US subsidiary, Reuter reports from Tokyo.

The assistance, to be given to the US copper foil maker by the end of 1992, will be used to repay part of Gould's debts and improve its production and research facilities.

The Japanese group aims to ease the burden of the unprofitable subsidiary ahead of the merger of Nippon Mining with Kyodo Oil in December. After the merger, Gould will become a subsidiary of the combined company, Nikko Kyoseki.

Nippon Mining acquired Gould in 1988.

Nippon Mining expects Gould to post group net losses of $180m for 1991. Gould's long-term and short-term debts came to $900m as of the end of 1991.

Nippon Mining forecasts group pre-tax losses of Y500m ($3.73m) for the year ended March, mainly due to Gould's poor performance. It had group pre-tax profits of Y14.88bn in the previous year.

Ohbayashi cuts annual earnings forecast

OHBAYASHI, a leading Japanese contracting group, estimates parent pre-tax profits of about Y53bn ($394m) for the year to March, down from its November forecast of Y62bn, Reuter reports from Tokyo.

Ohbayashi posted parent pre-tax profits of Y60.31bn in 1990-91.

The estimate has been cut because of a drop in the company's non-operating profits. Ohbayashi suffered large stock losses in 1991-92 owing to the floundering Tokyo stock market, it said.

Ohbayashi's estimate for 1991-92 parent operating profit remains unchanged from its November forecast of Y68bn.

Wharf turns in nine-month profit of HK$1.21bn

By Simon Davies in Hong Kong

WHARF (Holdings), the main listed company in the empire founded by the late Hong Kong shipping tycoon, Sir Yue-kong Pao, announced profit before extraordinary items of HK$1.21bn (US$157m) for the nine months to December 1991.

The results, which were in line with market expectations, compared with a HK$1.44bn profit in the year to March 1991.

The company has just altered its year-end from March to December; it said this meant the results represented an annualised increase of around 12 per cent. This would represent the 24th consecutive year of profits growth, at an average of over 27 per cent per annum.

Wharf is in a transitional stage, as it builds up its property portfolio. The portfolio is expected to expand from 5.2m sq ft in 1991 to more than 13m sq ft in 1998.

However, the bulk of this will not come on stream until 1993, with little profits growth anticipated in the coming year.

The company announced an asset revaluation which increased its net asset value per share by 16 per cent to HK$16.19.

Further increases in asset value will follow the completion of its four big developments: Times Square; New Tech Centre and Gateway Towers in Hong Kong; and Lane Crawford Place, in Singapore. Times Square represents the key to increased profits in the short term, bringing 2m sq ft of property to the market in early 1993.

Wharf has also expanded its hotels division through the acquisition of four hotel properties in the US. It meanwhile continues to seek opportunities in infrastructure and telecommunications. It is to submit a tender for the Western Harbour tunnel contract in the second half of 1992, while it still plans to set up a cable television network in Hong Kong.

The directors recommended a final dividend of 42 cents, making a full-year payout of 56.5 cents a share, compared with 49 cents in the year to March 1991.

Li acquires HK$500m Pacific Concord note

By Simon Holberton in Hong Kong

MR LI Ka-shing's flagship, Cheung Kong, has increased its potential shareholding in Pacific Concord, through the subscription of a HK$500m (US$65m) convertible redeemable note.

Cheung Kong already owns 8 per cent of Pacific Concord, a diversified industrial company which manufactures watches, cosmetics, and has retailing interest in China. If it converted its latest note, its shareholding would rise to 17.55 per cent.

Cheung Kong said the deal strengthened its ties with Pacific Concord; the latter said the capital raised would allow it to develop its retail interests in China.

Mr Li, whose company is cash rich, has taken a number of minority interests in local Hong Kong companies over the past year. The strategy seems to be to raise the rate of return on surplus funds, rather than anything aggressive.

The latest Pacific Concord note pays 6 per cent, compared with money market rates of over 4 per cent.

Last week Cheung Kong made a cash bid for the EIE Development which valued the company at HK$1.7bn. It is also interested in buying assets from Olympia & York, the troubled Canadian property company.

INTERNATIONAL CAPITAL MARKETS

Surge in money supply casts cloud over German bonds

By Richard Waters in London, Karen Zagor in New York and Sara Webb in Stockholm

A SURPRISE leap in the German money supply hit German government bond prices *yesterday and sent reverberations* around other European bond markets.

GOVERNMENT BONDS

The message from March's 9.7 per cent leap in German M3 was simple: any hopes for interest rate cuts in Europe will have to be put on hold for some while yet. The growth rate was well up on the 8.6 per cent of the previous month, and far outside the Bundesbank's stated target range.

The news may have killed *hopes of an early German rate* cut, but failed to arouse fears that the Bundesbank would move to raise rates in the near future.

A further *slight* tightening of German monetary policy had been signalled on Wednesday, when at its weekly repurchase auction the Bundesbank had set a minimum rate of 9.6 per cent, up five basis points from last week. But yesterday's Bundesbank meeting passed without any change in the official stance.

One analyst commented: "If they were going to do anything *dramatic* like put up rates, today would have been the time – it would have sent a powerful message during the wage negotiations."

Coming after a quiet day's trading, the news led to a flurry of activity on the futures market, with the Liffe contract falling from its opening of 87.89 to 87.34 by the end of the day. The benchmark unity bond maturing in 2002 fell from 100.49 at lunchtime to 100.1 in late trading, pushing the yield up to 8 per cent.

● THE French government bond market, which had been *looking* for a cut in interest rates, reacted worse than most *to the news from Germany*, with the move to shorter-dated securities of recent days being *partially* reversed. *The yield on* 10-year OATs jumped five basis points to 8.71 per cent, keeping the spread between French and German markets at over 70 basis points.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	102.1411	+0.590	9.67	9.71	10.10
BELGIUM		9.000	08/01	100.9000	-0.350	8.84	8.75	8.90
CANADA *		8.500	04/02	97.5000	+0.250	8.88	8.70	8.73
DENMARK		9.000	11/00	101.1700	-0.100	8.78	8.79	8.89
FRANCE	BTAN	8.500	03/97	96.4850	-0.418	8.88	8.76	9.02
	OAT	8.500	11/02	98.5200	-0.390	8.70	8.63	8.70
GERMANY		8.000	01/02	100.0600	-0.420	7.98	7.91	8.02
ITALY		12.000	02/02	98.1900	-0.160	12.32†	12.29	12.33
JAPAN	No 119	4.800	06/99	94.4859	+0.333	5.80	5.83	5.61
	No 129	6.400	03/00	104.2139	+0.056	5.63	5.61	5.35
NETHERLANDS		8.250	02/02	99.3100	-0.390	8.34	8.26	8.40
SPAIN		11.300	01/02	102.4500	-0.370	10.85	10.74	10.97
UK GILTS		10.000	11/96	102-03	-8/32	9.42	9.33	10.00
		9.750	08/02	103-13	-14/32	9.23	9.14	9.77
		9.000	10/08	99-07	-15/32	9.09	9.03	9.55
US TREASURY *		7.500	11/01	99-13	-8/32	7.59	7.42	7.59
		8.000	11/21	99-04	-15/32	8.08	7.92	8.02

London closing. *New York morning session. Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

● THE UK government bond market, which in recent days has come to believe that an interest rate cut is still some way off, reacted less sharply to the German monetary position. Shorter-dated paper moved less than in other markets, with *the benchmark 10 per cent* bonds due 1994 losing only 3/32 to 100 25/32, for a yield of 9.53 per cent.

Meanwhile, longer-dated paper suffered losses of around half a point. The 9 per cent bonds due 2011 fell to 99 5/32, a yield of 9.09 per cent, while the yield on ten-year bonds rose to 9.23 per cent.

■ US Treasury prices moved lower yesterday morning fol*lowing a drop in initial jobless* claims and a bigger than expected increase in March durable goods orders.

At mid-session, the benchmark 30-year bond was 15/32 lower at 99 5/32, yielding 8.07 per cent while the two year note was down 1/32 to yield 5.46 per cent.

The Federal Reserve refrained from operating in the open market yesterday morning. Fed funds, the rate at which banks lend to each other, were trading at 3¾ per cent during the Fed's usual intervention period.

Selling started earlier *in the* day on the back of a report that initial jobless claims had fallen 12,000 in the week ended April 11. The decline was the *third* in a row and sparked fears that April's employment report might show an improvement. In addition, March durable goods orders rose by 1.6 per cent, slightly above the 1 per cent increase the market had expected.

The market was also concerned about supply ahead of the afternoon's auction of five-year notes.

■ SWEDEN'S government *bond market saw a sharp rise* in yields yesterday morning on fears of an unexpectedly high budget deficit for 1992.

According to Swedish press reports, the government will forecast a budget deficit of SKr111bn for 1992 when it presents its supplementary budget today, *well above analysts'* expectations and nearly double the 1991 figure of SKr61.6bn.

Traders said there was a marked sell-off when the bond market opened. The five-year benchmark bond, the 10.75 per cent bond due January 23 1997, moved to a closing yield of 9.97 *per cent*, compared with 9.85 per cent on Wednesday.

However, bond prices picked up slightly in after-hours trading on unconfirmed reports *that the Swedish central bank* wants the Swedish krona to fluctuate by no more than 2.25 per cent against the currencies in the Exchange Rate Mechanism of the European monetary system.

The Swedish krona is already tied to the Ecu, but there has been speculation in recent months about closer links.

Traders said the news was seen as positive for the Swedish government bond market as it would mean more stability for the currency and would help to reduce the large swings in capital movement in and out of Sweden.

Barclays Bank credit rating cut by IBCA

By Tracy Corrigan

BARCLAYS Bank, the last UK bank to have retained a Triple-A credit rating, was yesterday downgraded to AA-plus by IBCA, the UK-based agency.

Last month, Moody's, the US-based credit rating agency, placed Barclays' AAA debt rating under review for possible downgrade. The other leading US agency, Standard & Poor's, downgraded Barclays to *AA-plus a year ago.*

IBCA attributed the downgrade to the rapid rise in loan loss provisions over the past three years. "Despite incipient signs of recovery in the UK's economy, it is expected that provisions will remain at high levels in the current year," IBCA noted.

In 1991, Barclays made provisions of £1.75bn to cover the risk of losses on loans. Only NatWest suffered a bigger bad *debt charge. However*, Barclays' bad debt provisions were smaller than all the other banks as a proportion of its UK portfolio of loans.

In addition, Barclays has been less successful than other UK banks at reducing its cost base. For example, Barclays' *staff received* a pay *rise of* around 8 per cent in 1991, higher than at other UK banks, IBCA said.

On the positive side, IBCA described Barclays' liquidity as excellent, and its capital position as satisfactory.

Moody's said it was assessing the bank's "competitive environment and its domestic and international strategies".

Only five banks – Deutsche Bank, Union Bank of Switzerland, Swiss Bank Corporation, Morgan Guaranty and Rabobank – are still rated AAA by all three agencies; SBC's rating is also under review for possible downgrade by Moody's.

● The short-term debt rating of GPA, the Irish aircraft leasing company, has been placed under review by Moody's for possible downgrade. The debt is currently rated Prime-2. In addition, the BAa1 rating of guaranteed notes and floating *rate notes* issued by GPA *subsidiaries* GPA Investment and GPA Delaware is also under review.

Moody's review will focus on the company's financing needs for aircraft purchase and structural issues affecting air travel and cargo transport.

Adverse conditions unsettle Eurobond new issues

By Tracy Corrigan

ADVERSE conditions in European bond markets yesterday afternoon unsettled new offerings in the Eurobond market.

Wednesday's huge £500m five-year offering for Hanson, the UK industrial conglomerate slightly outperformed a weaker gilts market, however. The deal was bid at 99.50, down from its fixed reoffer level of 99.71, which compared quite *favourably with a ¼ point fall* in five year gilts, but prompted some speculation that lead manager Credit Suisse First Boston was supporting the deal quite heavily.

INTERNATIONAL BONDS

However, CSFB said only a small amount of paper was yet to be placed.

*Meanwhile, two more offer*ings emerged in the sterling sector. Avco Trust, the UK consumer finance arm of US-based *Avco Financial Services*, launched a small £60m three-year deal, arranged by Warburg.

The single-A rated company is not well known by European investors, who showed little interest in the transaction.

However, the deal met some demand from banks: the company is authorised under the UK Banking Act, and consequently has only a 20 per cent risk weighting for bank investors.

This means that banks which buy the paper have to *hold substantially less capital* against it than for corporate debt, which has a 100 per cent risk weighting.

When banks purchase this sort of paper, they typically swap the proceeds for floating-rate assets.

In the floating-rate sector, *Cheltenham & Gloucester* Building Society launched a £175m issue of four-year floating-rate notes via Kleinwort Benson. *The deal met strong* demand, partly because of a lack of paper in the sector. As a floating-rate note issue, it was not affected by the weakness in the gilts market.

Abbey National Treasury Services acted as a co-manager *in the transaction, the first* time the treasury arm of the UK bank has taken such a role. However, an official pointed out that the bank had taken no underwriting risk, since its portion of the deal was to be held as an investment. Abbey National may take the same *approach to other sterling* transactions, he said. The move allows Abbey to own the paper at a lower price than it would have to pay in the market.

An official at C&G said the society had been waiting to tap the fixed-rate market for some *time; however, the floating-rate* market offered substantially cheaper funds than could have been achieved by tapping the *fixed-rate market* and swapping the proceeds.

C&G, which so far has $100m outstanding on its recently established $1.5bn Euro-medium-term note programme, will continue to keep an eye on opportunities in the fixed-rate sector.

The surge of activity in the sterling bond market does not *appear to be over, despite yes*terday's decline. A number of UK companies are believed to be ready to tap the market. In addition, the European Investment Bank is preparing a £150m-£200m 10-year deal, which is likely to emerge next week.

Elsewhere, a L500bn 10-year offering for the World Bank *via Istituto Bancario San Paolo* was considered aggressively priced. Even taking into account the tax benefits for Italian investors, for whom the name is exempt from withholding tax, dealers said that demand was likely to be subdued.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
ECU's						
ABB Finance Inc(a)†	125	9	101.575	1997	1.875/1.70	Cdt.Suisse Fst.Boston
STERLING						
Chelt & Glo'ster B/S.(b)‡†	175	(b)	100	1996	63/51bp	Kleinwort Benson
Avco Trust Plc(a)†	60	10.75	101.025	1995	1⅜/1.075	S.G.Warburg Secs.
SWISS FRANCS						
Kobe Electric Railway Co(a)**♦	90	4	100	1996	-	Bca Della Svizzera Ital.
AUSTRALIAN DOLLARS						
St.Bk.of South Australia(a)†	125	10½	100.90	2003	2⅛/1⅝	Hambros Bank
CANADIAN DOLLARS						
Confed.Treasury Services(a)†	100	9½	101.55	1997	1⅞/1⅜	Hambros Bank
LIRE						
World Bank(a)†	500bn	10.4	101.575	2002	1⅞/1¼	Ist.Bc.San.Paolo.Torino
PESETAS						
Council Of Europe(c)†	10bn	10.7	101.40	1997	1⅝/1	Banco Exter.Intl.

**Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. Non-callable. b) Coupon pays 15bp above 3 month Libor. Non-callable. c) Matador Bond. Non-callable.

Banco Santander offer adds to derivatives growth

By Tracy Corrigan

BANCO Santander de Negocios yesterday issued 5m warrants on the 10-year Spanish government bond, the latest sign of the growth of activity in derivative markets by Spanish banks.

Earlier in the week, Banesto launched a similar transaction. *The first such warrants were* issued last year by Banco Bilbao Viscaya.

The American-style call warrants issued by Banco Santander, which run for a year and a half, were authorised by the Spanish authorities. The deal, arranged with Kidder Peabody, was *aimed at* international investors, whose participation in the Spanish bond market has increased dramatically since the removal of withholding tax early last year.

Growing participation by international banks, which actively trade the market, has helped boost liquidity.

In addition to a growing market for warrants, both futures and options on Spanish government bonds are now traded on Meff, the Spanish derivatives exchange, and there is a broadening market in over-the-counter products.

A handful of warrant issues on Spanish government bonds is currently awaiting approval *from the Spanish authorities.*

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:05 pm on April 23

U.S. DOLLAR STRAIGHTS / OTHER STRAIGHTS / DEUTSCHE MARK STRAIGHTS / FLOATING RATE NOTES / SWISS FRANC STRAIGHTS / CONVERTIBLE BONDS / YEN STRAIGHTS

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
NIPPON TEL & TEL 5 7/8 96	50000	100¾	101¼	+¼	5.64
NORWAY 5 1/8 95	50000	99¾	100	+¼	5.22
SNCF 6 3/4 00	30000	105	105¼	+¼	5.93
SWEDEN 5 5/8 95	20000	100¼	100¾	+¼	5.49
WORLD BANK 6 3/4 00	50000	105½	105¾	+¼	5.86

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem.
TEXAS INSTRUMENTS 2 3/4 02	300	82¾	90¼	91½	
THORN EMI 5 3/4 04 £	103	7.16	125¾	126¾	+8.11

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by International Securities Market Association.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	11	46	21
Other Fixed Interest	1	15	1
Commercial, Industrial	428	197	836
Financial & Property	262	79	450
Oil & Gas	14	24	50
Plantations	1	0	8
Mines	18	35	94
Others	45	44	58
Totals	780	440	1,518

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	89	87	Amicable Smaller	88		N3.1	–	4.7	–

FIXED INTEREST STOCKS

RIGHTS OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price	+or-
36	Nil	6/5	14pm	4pm	Kynoch (G & G)	10pm	
220	Nil	26/5	73pm	47pm	Laird Group	70pm	-1
40	Nil	27/5	1¼pm	¼pm	Plaxtsbrook	¼pm	-⅛

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. *W Pro Forma figures. ♦ Offered to holders of ordinary shares as a "rights".* † Introduction. § Placing price. ¶ Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings Apr. 13
● Last Dealings May 1
● Last Declarations July 23
● For settlement August 3

3-month call rate indications are shown on this page.

Calls in **Avesco, Berisford Intl., Bridon, Costain, Erskine House, Kunick, Lucas Inds. warrants,** ***McCarthy & Stone, Marley, NSM,*** **Owners Abroad, Proteus Intl., Real Time Control, Tarmac and Wembley.** Puts in **Ashley Group, Euro Disney and Tarmac.** Put and call in **Tarmac.**

LIFFE EQUITY OPTIONS

Option		CALLS May	Aug	Nov	PUTS May	Aug	Nov
Brit. Aero (*347)	330	27	40	47	6½	13	22
	360	10	25	30	21	28	36
	384	5½	–	–	40	–	–

April 23 Total Contracts 39,979
Calls 26,961 Puts 13,018
FT-SE Index Calls 8,184 Puts 5,418
Euro FT-SE Calls 68 Puts 433
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months.
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

Stock	p	Stock	p	Stock	p	Stock	p	Stock	p
■ INDUSTRIALS		Charter Cons.	37	Ladbroke	17	Sears	8	**■ OILS**	
Allied-Lyons	49	Comm Union	32	Legal & Gen	27	SmKl Bchm A	65	Aviva Pet	30
Amstrad	6½	Courtaulds	39	Lex Service	16	TI	49	BP	21
Astec (BSR)	9	Eurotunnel	34	Lloyds Bank	29	TSB	9½	Burmah Castrol	38
BAT Inds	50	FKI	6½	Lonrho	15	Tesco	19	Conroy Pet	8
BOC	49	FNFC	8	Lucas Inds	10½	Thorn EMI	58	Gaelic Res	½
BTR	32	Forte	18	Marks Spencer	24	T & N	11½	Premier Cons	2½
Barclays	30	GKN	26	Midland Bank	19	Unilever	70	Shell	33
Blue Circle	20	Gen Accident	31	NatWest Bank	28	Vickers	12	Tuskar Res	½
Boots	39	GEC	15	P & O Dfd	30	Wellcome	72	**■ MINES**	
Bowater	58	Glaxo	59	Racal Elect	5	**■ PROPERTY**		RTZ	42
Brit Aerospace	30	Grand Met	70	RHM	16	Brit Land	18		
British Steel	6	GRE	10	Rank Org	52	Land Sec.	32		
Brit Telecom	24	Hanson	16	Ratners	3	MEPC	26		
Cadburys	33	ICI	90	Read Intl	39	Mountleigh	1½		

COMPANY NEWS: 1991 RESULTS SEASON

Chairmen play poopers at optimists' party

The market may be picking up, but companies remain gloomy, writes Maggie Urry

WHILE THE stock market is bathing in the sunshine of an economic revival – real or supposed – the chairmen of many UK companies appear to be deep in gloom.

Judging by statements in many of the company results announced recently, trading conditions are still difficult and there are few, if any, signs of an upturn. The best chairmen say is that their companies will be well placed when the recovery comes.

Sir Denys Henderson, chairman of ICI, the chemicals group, typified many such statements in his annual report. He said that "there is little doubt that the coming months will continue to be difficult" and predicted the recovery would be gradual when it did arrive.

The results season, for calendar year companies at least, is now drawing to a close. The actual numbers have produced few surprises, if only because analysts had already cut their forecasts with guidance from the companies themselves.

What was more surprising was the relative lack of dividend cuts, which had been feared in advance of the season. Companies have been reluctant to cut dividends, even if they are not covered by earnings, perhaps hoping to keep share prices up, or in the expectation that a recovery in profits will come in time to cover the next pay-out.

If the dividends have been a plus point for the stock market, the chairmen's statements have been a definite disappointment. There were hopes that chairmen could produce some evidence for a pick-up in demand, allowing market strategists to base a more bullish view on some harder evidence.

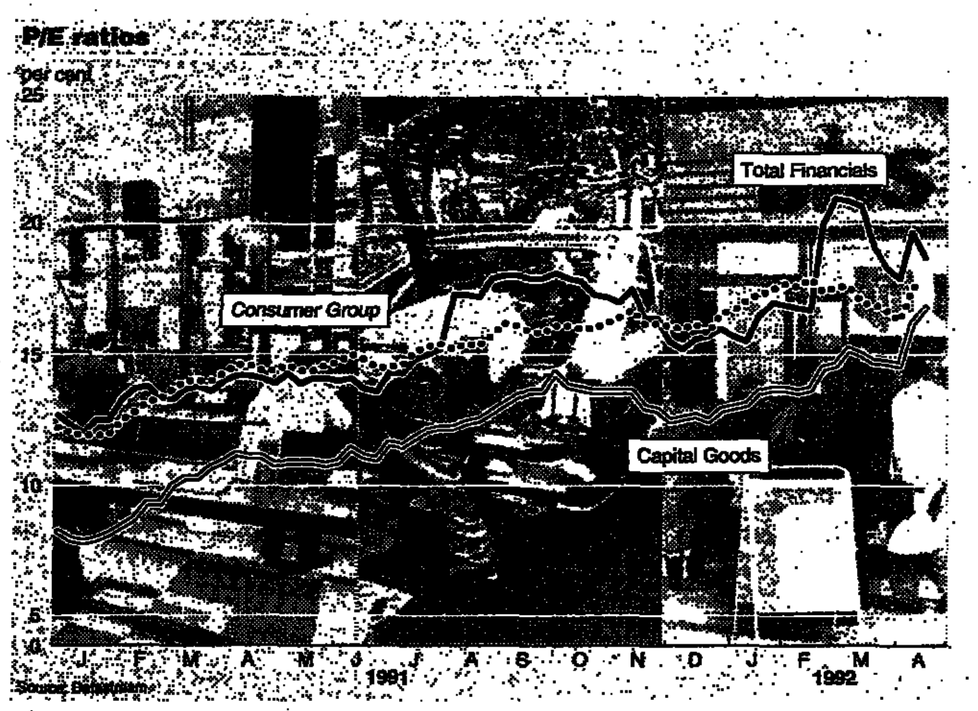
Now interest will shift to chairmen's remarks at annual meetings for signs that the anecdotal evidence of a post-election pick-up in activity is working through to companies.

Sir Christopher Tugendhat, chairman of Abbey National, did little to bolster such hopes this week, saying that house repossessions were going to be higher than his company had earlier expected.

As a result of the gloomy statements, there is already a movement to reduce earnings forecasts for the current year, if only because profits for the first half are likely to prove dull yet again. Forecasters are not expecting much of a rise in output this year – with estimates of a 0.8 per cent GDP increase for the year fairly typical – with the second quarter, perhaps, marking the turn from minus to plus.

SG Warburg, the broker, for instance, had been going for a 17 per cent rise in earnings from industrial companies at the start of the year, but has cut that back to 14 per cent. With the stock market on an historic p/e of 16 – a high level – some strategists feel it cannot go much higher than the current level of 2,600 or so on the FT-SE 100 without better news on earnings.

Chairmen at opposite ends of the business confidence scale because of their companies' respective sectors: Sir Ian MacLaurin of Tesco (left) and Sir Denys Henderson of ICI



A more bullish view is offered by County NatWest, which is expecting the FT-SE 100 to reach 3,000 by the year-end, although it forecasts a rise in industrial earnings of 10-12 per cent, which would keep the market p/e at around 16. It argues that the p/e is always high just at the start of a recovery, and then growth in earnings brings the multiple down.

The optimists suggest that analysts were not bearish enough when companies were moving into recession and will underestimate the recovery when it comes. The work many companies have done to cut costs will mean that even without a pick-up in demand, profits will improve this year. Productivity has risen as companies were quick to cut employee numbers. When there is an uplift in volume, operational gearing could mean a sharp jump in earnings, they argue.

But Mr Nick Knight, strategist at Nomura, counters that "it will take a long time for earnings to justify this level of the market". He is bearish about the current post-election euphoria, which he calls "tenuous, at best".

He says that a clear Conservative victory in the election would inevitably and rapidly lead to an economic recovery was over-optimistic. "You could have Snow White and the seven dwarfs in Number 10 and they would not be able to magic away the problems."

Others also fear that the high level of real interest rates will continue to delay recovery. Mr Peter Warburton of Robert Fleming Securities, the merchant bank's broking side, is forecasting no economic growth in 1992 because of high interest rates.

While some headlines suggest that the current strength of sterling will mean interest rate cuts, many in the stock market are more sceptical, believing that base rates will stay above 10 per cent for most of the year.

There is a concern that now the government has been re-elected it can continue its fight against inflation without fearing the electoral consequences of high interest rates.

Another damper is the corporate sector's need to raise money. This is particularly true if a recovery does come. Finance is needed to increase working capital and to invest for the recovery, and the banks are still reluctant to lend.

So far this year there have been relatively few rights issues, although more companies have tapped the long-term debt markets. But more rights issues are expected.

Adding those to new issues and a higher demand for funding by the government, much of the institutions' cashflow is already spoken for. "I cannot reconcile what needs to happen to balance sheets with a rising equity market," says Mr Warburton.

There is agreement, though, that the recovery when it comes will be led by consumers. The late-cycle sectors like chemicals and building companies will have to wait until 1993 for much prospect of recovery.

One of the few chairmen to speak optimistically when reporting profits was Sir Ian MacLaurin, head of Tesco, the supermarket group. He said last autumn had seen the low point for his business and that "recession is moving away".

A similar story can be seen in the responses to the Confederation of British Industry's distributive trades survey. However, March was a dull month for retailers – put down to the calling of the election and the comparison with a good month last year. It's hoped The hope is that April will produce a better figure, with brisk Easter trading after the election.

While some argue that there is pent-up consumer demand and that real wages are rising, others say that with house prices still falling – even if activity in the market is picking up – consumers' confidence is still fragile.

Recovery needs confidence and the hope is that the defeat of Labour and its tax plans – although not making consumers better off in fact – will at least make them feel they are.

Companies strive to maintain dividends against the odds

By Jane Fuller

DIVIDEND CUTS seemed to be accidents waiting to happen at the start of the results season.

Falling earnings per share had left average dividend cover at less than two, lower than in the last recession. Balance sheets had been stretched and cash conservation was a priority.

There was no economic upturn to back up a message of confidence and the severity of the recession had increased the prospective level of investor understanding for cuts.

In the market, several companies had double digit yields, indicating that cuts had been discounted.

But the abiding impression is of companies maintaining payments against the odds, particularly in cases where the total was uncovered.

Of the FT-SE 100 constituents, 47 reported results for the calendar year 1991. As might be expected, the financial strength of these groups and their spread of businesses, particularly outside the UK, meant less pressure on dividend payments, which tend to be very small compared with both turnover and shareholders' funds.

Thirty raised their total payments, 15 held them and only two – Guardian Royal Exchange and Midland Bank – showed overall declines. In both cases the share price responded favourably to news that was less bad than feared.

Two other cutters, however, fell out of the FT-SE: Royal Insurance – which surprised the market by paying no final – and Tarmac.

Otherwise, the second 100, or Tootsie stocks, in the FT-A All-Share index proved just as loath to cut, with only Vickers and Bunzl joining Royal and Tarmac. However, the numbers holding their total payment equalled those raising it at 18 apiece.

The slump in the UK housing market provided a link between the insurance companies, which were hit by mortgage indemnity losses, and the builders, which did produce a series of dividend cuts.

Although George Wimpey held its dividend early in the season, the cutters in the construction sector included Costain, which passed its final, Mowlem and Higgs & Hill.

Taylor Woodrow said that maintaining the payment out of reserves was "a simple matter of honour" because of the intention it had stated at the time of last April's £162m rights issue. Worries persist about this year's dividend.

At least Taylor Woodrow's gearing was moving in the right direction, down from 30 to 23 per cent, whereas Tarmac's increased from 39 to 51 per cent.

For those companies maintaining dividends in spite of slashed earnings, or even losses as was often the case in the insurance and construction/property sectors, the key factor was having the cash available to pay.

Wimpey, for instance, had brought its debt down by about £100m through disposals and working capital cuts.

Several others – Costain, AMEC, Higgs & Hill, Mowlem and Ibstock Johnson – had joined Taylor Woodrow in replenishing their funds via rights issues. Of these only AMEC had cash at the year-end and it managed a tiny dividend increase.

The general pain in the construction-related sectors is reflected in dividend cover of about one for building materials and less than one for contracting, according to Mr George Hodgson at SG Warburg.

He pointed out that to restore cover to an average of 2 to 2.2 over the cycle, companies would have to build it up to significantly more than that during the good years, which would delay the resumption of dividend growth.

So while cuts have been few and far between, dividends could stay flat for a couple more years. When this is added to the two years of minimal rises that have already been a feature of the recession-hit groups, the effect will be that many companies will have gone for four or five years of virtually frozen dividends, rather than take one step down to a base from which the payments can grow again.

Mr Paul Myners, chairman of Gartmore Investment Management, said the expectation of modest dividend growth over the next few years was implicit in the market being in the unusual position of yielding more than the rate of inflation.

On the other hand, he derived some encouragement from the paucity of dividend cuts in the latest series of results. "Companies must have looked at their busines prospects and their capital requirements and decided that they had the resources to pay."

Others would say that the process has been less rational and that fear of the effect on the share price, and hence the company's susceptibility to a takeover bid, has been a strong factor. Several prices rebounded on the news of dividends held rather than cut.

And the danger of cuts remains for companies facing a second year of uncovered payments. Even those which have conserved cash well during the recession, when there has obviously been less call for working capital, may find it more of a precious commodity on the way out as the level of activity builds up.

Balance sheet remains strong despite £47m cost of acquisitions

A Fisher dips 17% in tough trading

By Andrew Bolger

ALBERT FISHER, the fresh produce distributor and food processor, blamed extremely difficult trading conditions in the US and UK for a 17 per cent drop in interim profits.

Turnover, boosted by acquisitions, rose 16 per cent to £588m (£506m) in the six months to February 29, but pre-tax profits fell from £45m to £37.2m.

Shares in the group peaked at 133p last year, but fell steadily following the resignation of its chief executive in the US. Yesterday they closed at 69p, down 2p.

Mr Tony Millar, the executive chairman who rapidly built up the group by making more than 50 acquisitions, has since strengthened the US management.

This month Mr Tim Howden, 55, joined as group chief executive in Europe, having previously been managing director of Rank Hovis McDougall, the food group.

Mr Millar said that last year the City had been swept by fears over companies which had experienced rapid growth during the eighties. He took a pragmatic view of such shifts in sentiment and the group's strengthened management team intended to get their heads down and concentrate on producing growth.

The biggest problems in the half-year were in the US, with a 38 per cent drop to £6.7m in underlying operating profits from fresh produce.

Although market shares were maintained, the volume of sales to leading food service customers declined, reflecting a fall in hotel occupancy and bookings for cruises, airlines and restaurants.

However, the group said its strengthened management team had cut staffing levels by between 3 and 5 per cent, and was making good progress in turning round the results of the distribution operation in Los Angeles.

In Europe, operating profits from fresh produce grew by 4 per cent to £7m. The UK potato packing operation performed disappointingly, and adverse weather reduced volumes of fruit from Spain and Chile, but this had been offset by the group's international sourcing expertise.

Operating profits from frozen and chilled foods in Europe were down 11 per cent to £11.1m. Large increases in the fish and vegetable businesses were offset by weakened UK demand for frozen vegetables and cockle supply problems in the Netherlands.

Food processing and distribution in Europe saw a marginal dip in operating profits to £8m (£8.1m). The group said the merger of three UK operations – Stratford-upon-Avon Foods, Rowats Foods and Unimerchants – into Fisher Quality Foods had resulted in substantial benefits.

The balance sheet remained strong, with net cash of £14m, following £47m expenditure on acquisitions, £15m of capital expenditure and a seasonal investment of working capital. Net assets fell from £273m to £253m.

The fall in UK interest rates cut interest income from £8.5m to £4.41m.

In March, Albert Fisher sold Holco, a Dutch mushroom and asparagus bottling plant, to Hillsdown Holdings, the food processing group, at a loss of £5.95m, which it treated as an extraordinary item.

Earnings per share fell by 17 per cent to 4.31p (5.18p), but the interim dividend is lifted to 1.85p (1.75p).

See Lex

SB blames Wall Street as shares fall 17p

By Angus Foster

SHARES IN SmithKline Beecham, the Anglo-American pharmaceuticals and household products company, continued to fall yesterday despite its announcement of better-than-expected first quarter results.

The shares fell 17p to 799p, from 872p at the start of the week, as US investors continued to sell healthcare stocks. "The fall is not a reaction to the results, it's Wall Street," said Mr James Culverwell of Hoare Govett.

SB reported a 10 per cent increase in pre-tax profits to £278m in the three months to March 31. Mr Robert Bauman, chief executive, said the company maintained its momentum of 1991, when profits exceeded £1bn for the first time, and most divisions performed well in the first quarter.

The first interim dividend is lifted by 10.7 per cent to 4.15p (3.75p) for the A shares, and by some 13 per cent to 48.77 cents (43.09 cents) per equity unit, stock issued to SmithKline Beckman's US shareholders during the 1989 merger with Beecham. The difference between the dividend growth is due to exchange translation rates.

Turnover increased by 9 per cent to £1.21bn while trading profit improved 8 per cent to £289m. Currency movements lifted sales 4 per cent but depressed profits 2 per cent.

Trading profits from pharmaceuticals were 10 per cent higher at £218m. The antibiotic Augmentin performed well in Europe, although US sales declined. Tagamet, a peptic ulcer treatment, increased worldwide sales by 2 per cent.

Havrix, marketed as the world's first Hepatitis A vaccine, has been introduced in the UK, Switzerland and Belgium but it is too early to assess its success.

The consumer brands division maintained profits at £44m, although turnover increased by 5 per cent to £322m. Tums, the indigestion treatment, and Aquafresh toothpaste lifted sales 14 per cent and 15 per cent respectively.

The clinical laboratories division increased trading profits 27 per cent to £14m, while animal health products were affected by recession and saw a 7 per cent decline to £13m.

Interest charges fell to £12m (£15m). The company used a net cash inflow of £106m to reduce borrowings by £48m to £454m.

Earnings increased to 13.5p per A share and 67.5p per equity unit.

Cost control behind Etam's 40% advance to £11.8m

By Jane Fuller

TIGHT CONTROL on costs helped Etam, the fashion retailer in which Oceana Investment Corporation of South Africa has a 34 per cent stake, to increase pre-tax profits by 40 per cent in the 53 weeks to February 1.

The improvement, from £8.45m to £11.8m, followed a rise in turnover of only 3 per cent to £213m (£207m) as the number of shops was reduced to 240 (251). Most closures came in the Peter Brown menswear chain where losses were reduced. Etam is dominated by the eponymous women's fashion stores and also includes the SNOB and Tammy shops.

Mr Keith Miles, finance director, said the group's cost-cutting action, which had included a wage freeze and a further cut in stock, had paid off. It had avoided the excesses of high street discounting before Christmas.

The outlook for costs had also improved because the "juggernaut effect" of the huge rent rises imposed in the late 1980s was abating, as was general inflation. Relief on business rates would save the group £500,000 this year.

He said the group was avoiding becoming too specialised. It had extended its appeal to women over 25, who now comprised more than half its customers, and had also moved a little up-market, although it remained at the cheaper end of the fashion spectrum.

He was cautious about current trading. Sales were marginally ahead on a like-for-like basis, the bottom line was better, but the progress was a little behind budget.

Earnings grew to 11.2p (7.51p). A final dividend of 5.1p (4.65p) makes 6.6p (5.85p).

An extraordinary charge of £1.17m was made to cover the defence against a £121m hostile bid from Oceana.

● COMMENT

Etam's share price has almost quadrupled since Oceana Investment started buying shares in mid-1990 and yesterday's closing price of 239p is 54p ahead of the offer, which failed last August. With this year's pre-tax profit forecast to grow to £14m, the prospective e multiple e is nearly 18. While Etam deserves its small premium to the stores sector because of its cost control and £5m in the bank, the attention of recovery seekers may soon swing to other parts of the market. It is also operating in a highly competitive field, where every chain seems out to woo the suddenly fashion-conscious mature woman. And one or two previously wounded players, such as Next, are making a comeback. While Etam is a quality stock, the bid premium may wear thin and the price looks quite high enough.

Jupiter Tyndall replaced as trust manager

By Philip Coggan, Personal Finance Editor

THE BOARD of the European Project Investment Trust yesterday announced that it had appointed Murray Johnstone to replace Jupiter Tyndall as investment managers of the trust.

The change is another setback for Jupiter Tyndall, the financial services group formed from the merger last year between Jupiter Tarbutt Merlin and Tyndall Holdings. Pacific Horizon, another trust managed by Jupiter Tyndall, is currently the subject of an agreed bid from Martin Currie Pacific, which will mean the loss of another management contract.

However, Jupiter Tyndall has acquired, on behalf of its clients, an 11 per cent stake in European Project, and has informally proposed to the board that shareholders should be given the opportunity to sell their shares at as close as possible to asset value. Mr John Duffield, chairman of Jupiter Tyndall, said that it was an important principle that shareholders should have this option if the management is changed.

If European Project rejects the suggestion, then Jupiter Tyndall has the option of calling an extraordinary meeting to vote on the proposal.

Mr Duffield said that Jupiter was surprised at the change of manager, given the performance of the trust. Association of Investment Trust Company figures show that the trust had the 3rd best (out of 13) asset performance of European general trusts over the year to March 31.

Mr Jonathan Bradley, chairman of European Project, said that there had been pressure from shareholders to narrow the discount and expand the asset base of the trust. A proposal from Jupiter Tyndall to merge European Project with Jupiter European investment trust, and create a new split capital trust, had been rejected.

Mr Bradley felt that Murray Johnstone's strong presence in the private investor market should bring in extra demand for the trust's shares, via savings schemes and personal equity plans, thereby helping to narrow the discount.

Investment trusts have been very successful in attracting private investors over the last few years, a process which has reduced the discount to net assets on which trust shares have traditionally traded. Mr Bradley said that in future he thought it would be "quite difficult for trust management companies that don't have some means of reducing the discount to be successful". He added: "The days of huge discounts and cosy sewn-up boards are over".

European Project's shares were only trading at a discount of 8 per cent yesterday but Mr Bradley said the discount had averaged "in the high teens" for quite long periods and had only narrowed after the board had announced, on April 10, plans to change the investment management arrangements.

Murray Johnstone has agreed to take a reduced fee of 0.5 per cent in the first year of managing the trust. In the following two years of its three year contract, the fee will be 1 per cent.

Peugeot Talbot profits halved

By Kevin Done, Motor Industry Correspondent

PROFITS OF Peugeot Talbot, the UK subsidiary of the French car maker, were more than halved last year.

The company is expected to disclose today that its net profit fell to £30-£35m in 1991, from £74m in the previous year. The pre-tax balance dropped from £109m to about £50m.

The UK motor industry suffered a severe setback last year in the face of the deep recession in the new car market.

Along with Peugeot Talbot, Vauxhall, the UK subsidiary of General Motors remained in profit, while several other British car makers, most notably Ford, Jaguar and Rolls-Royce suffered record losses.

Rover Group motor vehicle operations plunged into an £83m pre-tax loss, compared with a profit of £108m in the previous year.

While the overall UK new car market declined by 21 per cent, Peugeot new car registrations fell by only 6.6 per cent to 115,557 123,671)

Its UK market share has increased steadily in recent years; it rose to 7.3 per cent in 1991, from 6.2 per cent in 1990 and only 4 per cent in the mid-1980s.

Profits were depressed last year by the near-25 per cent drop in car output at the Ryton, Coventry, assembly plant to 87,983 (116,548).

Close to 70 per cent of the UK output was exported.

Bell Canada offshoot to take control of ELT

By Raymond Snoddy

BCE TELECOM International is to take a controlling interest in East London Telecommunications which owns six cable television franchises in the London area covering about 630,000 homes.

The deal will make BCE, a subsidiary of Bell Canada, a significant force in the UK cable television industry.

The Canadian company has reached agreement to buy PacTel Cable's 45 per cent investment in ELT, and is also buying part of the stake of Jones UK, the other current main shareholder in ELT.

Together the two purchases will give BCE a controlling interest although Jones will continue as manager of cable TV operations.

PacTel Cable, a subsidiary of Pacific Telesis of the US, has long made it clear that it wanted to sell its minority stake in ELT and concentrate on the 1m homes in the UK in cable franchises it wholly owns.

The ELT franchises range from the London boroughs of Newham and Tower Hamlets to Barking, Waltham Forest and Epping.

Progress, however, has been slow and BCE estimates that £200m in capital expenditure is needed over the next five years to fully develop the business.

Bell Canada will obviously be interested in expanding the telecommunications and data services of ELT.

The latest figures from the Independent Television Commission show that in the year from January 1991 the number of telephone lines installed by cable TV contractors in the UK increased from 2,224 to 21,225.

Burmah chief's pay rises 40% despite static profits

By Andrew Freeman

THE PAY of Mr Lawrence Urquhart, chairman and chief executive of Burmah Castrol, rose by 40 per cent last year according to the group's annual report and accounts.

The increase was recommended by Burmah's remuneration committee despite the fact that annual profits were static and earnings per share fell by 19 per cent.

Mr Urquhart earned £385,000 in 1991, against £277,000 previously. Burmah said the increase contained equal amounts of performance-related bonus, a straight percentage annual rise and an element related to his post of chairman.

The comparison with the previous year is complicated by the timing of his promotion at the start of July 1990. The accounts show that Mr Urquhart received £156,000 as chairman and chief executive in the 1990 second half, which means he earned £121,000 as chief executive in the first half. That implies an annual chairman's salary of £70,000 before last year's increase.

The accounts also reveal details of Burmah's purchase of Foseco, the chemicals group, for £270m at the of 1990, giving the fair value of Foseco's net assets as £110m. Much of the goodwill was written off against reserves in 1990, leaving a £30m write-off last year.

Prestwick returns to the black with interim £81,000

By James Buxton, Scottish Correspondent

PRESTWICK Holdings, the Ayr-based printed circuit board manufacturer, made a pre-tax profit of £81,000 in the six months to January 31, compared with a loss of £741,000 in the comparable period of 1991.

Turnover rose by 17 per cent to £13.9m, reflecting increased exports, mainly to EC countries, and contributions from acquisitions.

Prestwick said that the costs associated with the new acquisitions and the costs of increasing production in the company's plants at Ayr and Irvine were being taken in the first half.

"We will continue with our strategy to create a broader-based interconnection group," Mr Wayne Osman, chief executive, said. Many of the elements designed to give the company a significant competitive edge were now in place.

The interim dividend is maintained at 0.5p, payable from fully diluted earnings of 0.4p (losses of 2.3p) per share.

SeaCon chief undecided on new IoM bid

By Sue Stuart in Douglas

MR JAMES Sherwood, president of Sea Containers, the Bermuda-based cargo equipment and ferry company, paid a surprise visit to the Isle of Man yesterday to attend the 162nd annual meeting of the Isle of Man Steam Packet Company.

Sea Containers holds a 41 per cent stake in the company after making a hostile bid in 1990. The bid was later withdrawn, but, under Stock Exchange rules, Mr Sherwood is now free to bid again.

Speculation was rife among Steam Packet shareholders that his presence at yesterday's meeting heralded an announcement of such a move. However, Mr Sherwood said Sea Containers had not decided at the moment to renew the bid.

Steam Packet achieved record results for 1991 with a 21 per cent increase in pre-tax profits from £3.3m to £4.1m.

Mr Norman Corlett, Steam Packet chairman, told the meeting: "Once again I have to express regret that so much time and money has been spent on ownership matters. The Manx directors fervently hope that the future of the Sea Containers shareholding will be resolved this year."

Mr Corlett reported that for the first quarter of this year, passenger and car carrying were up 2 per cent and 3 per cent respectively.

Anglo Irish Bankcorp and Hill Samuel end sale talks

By Vincent Boland in Dublin

ANGLO IRISH Bankcorp and Hill Samuel Bank have terminated negotiations on the proposed purchase by Anglo of Hill Samuel Bank (Ireland), after failing to agree detailed terms and conditions during negotiations following the completion of their due diligence process.

The two sides announced agreement in principle on the deal on December 24 last year. Three weeks earlier, Anglo had raised I£26m on a rights issue.

Mr Sean FitzPatrick, Anglo's chief executive, said yesterday that the deal failed because Anglo was unwilling to pay the minimum price sought by Hill Samuel, part of the TSB Group.

"The gap between us got closer as negotiations went on but our final ceiling price was below their floor price at the end," he said.

The difference between the parties when negotiations were terminated could be as much as I£10m (£9.2m).

Mr FitzPatrick said yesterday that the bank was pressing Mr John Clegg, a former non-executive director and ex-chief executive of Wace, to dispose of his family's 15 per cent stake and that prospective buyers had been arranged.

He said the Clegg family was not willing to sell because to do so may be interpreted as an admission that the rumours linking Wace with the IRA were true.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Albert Fisher	int	1.85†	July 15	1.75	-	3.75
British Assets	int	1.04	July 7	1	-	4.04
Brit Empire Secs	int	0.25	June 12	0.25	-	0.86
Etam	fin	5.1	July 3	4.65	6.6	5.85
Grampian TV	fin	4.5	June 25	3.4	5.5	4.1
Hartons	fin	nil	-	nil	nil	0.1
Huntleigh Tech §	fin	2.75	July 1	1.75	4.5	3
Investors Cap	int	1.275	June 9	1.25	-	5.05
Jerome (S)	fin	nil	-	nil	1	2.6
Jones Group	fin	8.5♣	-	8	12.5	12
Liberty	fin	5.35	May 29	5.2	7.2	6.9
Low (Wm)	int	2.7	June 1	2.7	-	8.4
Prestwick	int	0.5†	June 5	0.5	-	1.5
Rea Brothers	fin	0.25	May 29	0.25	0.5	0.5
Secs Trust Scot	fin	2 17	July 1	2.08	3.25	3.1
SmithKline	int	4.15	July 15	3.75	-	15.4
Sphere Inv Tst	int	0.75	May 29	0.9375	-‡	3.87
Starmin	fin	0.2†	July 1	0.1	0.3	0.1
Tharsis	fin	nil	-	3	3	6
VTR	int	1.2	May 26	1.2	-	3.4

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♣Irish pence. ‡Total of 3.1p forecast.

BOARD MEETINGS

TODAY

Interims- Five Oaks Invs, McKechnie.

Finals- Acorn Computer, Berry Starquest, Central Independent Television, Clayton Son, Downiebrae, Holt (Joseph), Jourdan (Thomas), Lamont, Remco Oil Services, Reed Executive, Slingsby (HC), Usborne

FUTURE DATES

Interims-

Chemex International	Apr. 30
Drayton Asia Trust	Apr. 29

Finals-

Brown & Jackson	Apr. 28
Conroy Petroleum	May 1
Hazlewood Foods	June 16
Norweb	June 17
Television South West	Apr. 28
Walker (JO)	Apr. 27
York Waterworks	May 21

DC Gardner rejects third approach

By Peggy Hollinger

DC GARDNER, the loss-making management consultancy and business services group, has rejected for the third time an approach from Mr Colyn Gardner, its former chairman.

Mr Gardner, who holds a 10 per cent stake, said he was prepared to offer "substantially more" than last night's closing price of 38p, through his company, Capelfield.

It is believed that Mr Gardner, backed by a leading financial institution, is offering about 54p per share. This would value the group at about £13.5m, compared with a market capitalisation of £9.5m.

Mr Gardner says funding for the offer is conditional on the unanimous backing of the board and a due diligence report into the group's financial condition.

DC Gardner said it was not obliged to notify shareholders of the "informal approach". "Under [the] Takeover Code, we are entitled to be satisfied that Capelfield is in the position to fund the offer in full. We have not been satisfied."

Relief and sadness abound in ICI's manufacturing heartland

Chris Tighe reports on the reaction on Teesside to news of the deal with Du Pont

THE news of the ICI and Du Pont deal was met yesterday with a mixture of relief and sadness on Teesside, home to the highest concentration of ICI's manufacturing assets in the world.

It is likely to secure many jobs in fibres which ICI might otherwise have abandoned and to add jobs through the acquisition of Du Pont's acrylics business world-wide.

But sadness was expressed at the departure of fibres, a long standing business, from ICI's portfolio. Concern was also raised by workers that Du Pont will be less paternalistic an employer than ICI.

While Du Pont's arrival diversifies ownership of Teesside's chemicals industry, the deal also underlines the continuing ebbing of ICI's profile in the area. It is still the dominant local employer, but with 11,000 on its present Teesside payroll it employs fewer than half the number it did before the 1979-'82 recession.

Mr Sandy Anderson, general manager of ICI's Teesside operations, was bullish about the agreement yesterday, saying that it would enhance prospects for both businesses, ensure a secure future for their employees and broaden Teesside's employment base.

Mr Anderson was "very confident" about the prospects of ICI's Fibres employees on Teesside retaining their jobs under Du Pont. The deal was also good news for the 500 employed at Billingham by ICI Acrylics.

Mr David Walsh, chairman of the development committee of Labour-controlled Cleveland County Council, said there was some sadness among the workforce and the general public, that ICI was pulling out of a business long regarded as a cornerstone of its operations in the area.

Workers leaving the Wilton complex near Middlesbrough early yesterday afternoon had heard about the deal during the morning.

Fitters mate Mr Alan Taylor summed up the mood of many, saying: "On balance, it has to be the best thing, as long as the nylon plant is kept open. It's better for us – ICI was going to shut down. It didn't have a future without Du Pont taking it over."

About 650 people work in the nylons production area at Wilton, on the southern side of the river Tees. A further 100 work across the river at ICI Fibres' engineering plastics section in Billingham.

However, linked to yesterday's announcement was confirmation of ICI's intention to close its adiponitrile (ADN) plant - part of its nylons area at Wilton - with the loss of 120 jobs. A further 50 jobs will go from the site's support services section. This means that the total number of ICI Teesside employees transferring to Du Pont will be about 580.

Also to be transferred are the 85 employees at Workington, Cumbria, making non-woven material under the Camtex banner, along with fibre production staff and sites at Pontypool, Doncaster, and Gloucester in the UK and employees and assets at Oestringen in Germany and Rozenburg in the Netherlands. ICI's former fibres headquarters building at Harrogate is not included in the deal; it is on the market for sale. ICI Fibres has 6,100 employees in total, of whom 3,600 are in the UK.

The first nylons development at Wilton was in 1957. Mr Wayne Barnacal, the nylons area production manager, said ICI had invested £40m there in the last five years, including about £5m on environmental improvements. The ADN plant is being closed because of its old technology.

The six nylons plants at Wilton to be transferred to Du Pont would be the subject of spending of "some millions" of pounds, "in double figures", over the next five years to meet rising environmental standards.

ICI's chemicals and polymers plant, Teesside: still dominant local employer

Mr Anderson insisted that the nylons area at Wilton was important to Du Pont. "They aren't taking over the nylons business at Wilton to shut it down," he said. "Having Du Pont in Teesside and committed long term to that global business has got to be good. They obviously recognise in the quality of the assets what Teesside has to offer, and much more importantly the people."

COMPANY NEWS: UK

Wm Low falls to £8.8m after 'one-off' costs

By John Thornhill

WM LOW, the Dundee-based grocery chain which operates 68 stores in Scotland and northern England, yesterday reported a 23 per cent drop in profits after an accident-prone six months.

Interim profits fell from £11.4m to £8.82m pre-tax as the operating margin was eaten away by a series of one-off costs and increased promotional spending.

Mr James Millar, chairman, said: "We let slip a little on the control of costs and gross margin and in today's markets you cannot afford to do that.

"But we are back on track and in full control of our own destinies in the second half," he added.

Mr Millar's comments appeared to reassure the City and Low's shares rose 10p to 223p.

Sales in the 28 weeks to March 21 rose from £198m to £222m, but operating margins were eroded from 5.55 per cent to 4.15 per cent due to increased promotional activity, store openings, and higher branch and head office costs.

Mr Colin Mitchell, the former managing director who abruptly left the company in February, received severance pay of about £200,000. Five other executives who left in a cost-cutting campaign also received redundancy pay, resulting in a total exceptional charge of £330,000. Low is still searching for a new chief executive.

A lower tax charge helped protect earnings per share, but they still slipped from 13.28p to 10.08p.

The interim dividend is held at 2.7p.

Low said underlying sales were running at 4 per cent ahead of last year.

"Within that figure we are seeing some real volume gains, with food inflation running at about 3.5 per cent," said Mr Harvie Findlay, finance director.

● **COMMENT**

The City was unnerved earlier this year by Mr Mitchell's departure and the profits warning that followed soon after. Although the events were unconnected, the company only sullied its reputation for reliability and investors shunned the stock. Yesterday's comforting noises on volume sales and costs suggested that some kind of rehabilitation was on the way as the share price rebounded sharply. And pre-tax profits of £20.4m (£23.6m) for the year, putting Low on a prospective multiple of 10, are hardly demanding. Low's management is still widely admired; its expansion programme will improve quality of space as well as quantity; and the food market is perhaps seeing the first glimmers of recovery. But having said all that the question nonetheless has to be asked: do investors want to be exposed to a stumbling second-line food retailer with only limited upside potential in an economic recovery and with an uncertain long-term future? The brutal answer is: probably not.

Scot Power in Rumbelows deal

By James Buxton, Scottish Correspondent

SCOTTISH POWER, the electricity utility in southern Scotland, is expanding its retail network by buying 17 shops and eight superstores from Thorn EMI, which is pulling out of electrical retailing.

Scottish Power said the deal will reinforce its position as the leading electrical retailer in Scotland, with a network extending into northern Scotland – the territory of its rival Scottish Hydro-Electric.

The 17 shops are currently part of Rumbelows, with the superstores trading under the Atlantis name. The shops will now come under the Scottish Power banner and will develop its position as a brown goods retailer in addition to being a white goods outlet.

In January, Thorn EMI said electrical retailing had lost the group about £50m over the past three years. Its chain of 450 Rumbelows shops, which had not made a profit since 1986-87, would be converted to rental outlets for consumer electrical goods although most have kept the Rumbelows name.

About 800 head office, service and distribution jobs would go, the group said. The estimated cost of the changes was put at £40m-£45m.

Scottish Power is understood to be paying Thorn EMI £5m-£10m, including stock.

Thorn EMI said it was pursuing a different strategy in Scotland to that in England, because it already had enough rental outlets in Scotland to be able to dispense with the Rumbelows stores.

Mr Mike Smith, Scottish Power's marketing and distribution director, said that with the purchase it will have 91 shops and 11 out-of-town stores. Scottish Power doubled its share of the Scottish electrical goods market and raised its retail turnover by 40 per cent in the year to March 31 1991, converting a loss of £5m into near break-even.

Mr Smith said retailing was inherently profitable. He was particularly pleased to buy the out-of-town stores, which would have taken several years to set up from scratch.

Engineering side behind 10% fall at Jones Group

By Vincent Boland in Dublin

JONES GROUP, the Dublin-based engineering and shipping company, reported a 10 per cent fall, from I£5.51m to I£4.96m (£4.52m), in pre-tax profits for 1991.

The group cited the effect of the global recession on the engineering division for the drop. The division showed a significant decline in both turnover and profits.

Enviroquip, its US offshoot, failed to meet profit expectations due to cost overruns on industrial projects in the fourth quarter. Shipping and distribution, however, held up well.

Group turnover fell to I£97.5m (I£128m), reflecting the absence of contributions from the Irish and UK environmental division which was sold in December 1990.

Earnings per share were 31.9p (37p). A proposed final dividend of 8.5p makes a total of 12.5p (12p).

Mr Denis Magee, chairman, said profits in the shipping division should be substantially up in the current year following the addition of a new vessel. Margins in engineering are extremely tight.

The group has become progressively more conscious of the problem posed by its relatively-small size, he said, and is anxious to identify a sizeable acquisition.

Buoyant Grampian TV rises to £3m

By Raymond Snoddy

GRAMPIAN Television yesterday reported on a year in which it increased profits against the general trend in a recession-hit industry.

The Aberdeen-based ITV company lifted pre-tax profits from £2.43m to £3.18m on the back of advertising revenue that rose by nearly 3 per cent in the 12 months to the end of February.

In October the company held on to its north of Scotland franchise despite being outbid by two rivals who failed to make it over the quality threshold.

As a result Grampian will have to pay the relatively modest sum of £720,000 a year for its franchise.

"This has been a most remarkable year for Grampian Television," Sir Douglas Hardie, chairman, said yesterday.

The profits increase reflected both the buoyant local economy and the impact of cost cutting, including the reduction in staff from a peak of 329 in 1987 to the present total of 185.

Despite the job losses, achieved through greater flexibility and efficiency "we increased the number of hours and the popularity of our local programming," said Sir Douglas.

Turnover at £20.4m was little changed from the 1991 figure of £20.7m.

Earnings per share rose from 10.83p to 14.23p and the proposed final dividend of 4.5p raises the total to 5.5p (4.1p).

An extraordinary item of £683,000 represented the cost of applying for a new 10-year licence.

The shares advanced 9p to 164p.

Liberty fall to £5.7m fuels speculation over control

By Peggy Hollinger

Harry Weblin: simply no tourist business

UNCERTAINTY surrounding the largest and potentially hostile shareholder in Liberty was heightened yesterday as the fabrics retailer and manufacturer unveiled a 21 per cent drop in annual profits.

A spokesman for South African-born Mr Brian Myerson, whose investment vehicle Concerto Capital holds 15 per cent of Liberty, said the businessman's original plans to call for an extraordinary meeting were still in play. However, Mr Myerson did not intend formally to request it in the immediate future.

Mr Myerson called for the meeting in February to propose a new chief executive and provide a cash injection which would dilute the Liberty family's stake, which stands at more than 51 per cent.

Speculation over Liberty's future was bound to resurface as the group revealed a decline in pre-tax profits from £7.23m to £5.66m in the year to February 1. The fall was cushioned by a 44 per cent drop in interest charges to £696,000 as the group cleared its £6m net debt. Turnover fell from £92.5m to £84.9m.

Mr Harry Weblin, chairman and chief executive, said the 117-year old group had survived "the deepest and longest recession since 1945".

Retailing took the brunt of the profits decline, falling 62 per cent to £823,000 at the trading level, as sales slipped only 4 per cent to £54.4m. The Gulf war had severely affected sales for the first three months of the year. "There was simply no tourist business," he said.

Mr Weblin also blamed the impact of the uniform business rate for the disproportionate fall in retailing profits. This had cost the group £250,000 last year, he said.

The converting and wholesaling business suffered less sharply, with sales down 19 per cent to £22.7m and trading profits some 25 per cent lower at £3.4m.

The bright spot for the year was the joint venture in Japan, where profits were 41 per cent higher at about £1m, on turnover of £6m.

During the year the group began closing loss-making US operations, although it plans to retain the New York store. Mr Weblin said Liberty would pursue licensing operations in the US.

Signs in the UK were encouraging, meanwhile, with retail sales "well ahead of last year". Mr Weblin warned, however, that "any return to normal trading is going to be gradual".

The final dividend is 5.35p for a total of 7.2p (6.9p). Earnings per share fell from 26.13p to 20.77p.

NEWS DIGEST

IBC losses halved to £4.5m

MR ROY WATTS, chairman of International Business Communications (Holdings), the specialist provider of business information, said the board was "pleased" with the company's results for 1991, a year when pre-tax losses were reduced from £10.1m to £4.5m.

The company, which has almost completed disposals of all its non-core businesses, has undergone its second restructuring in 18 months.

Previously in November 1990, IBC's banks were left with 75 per cent of the equity; as part of the restructuring announced in August 1991, 33 executives bought 15.2m shares (10 per cent) from the banks. Further transfers from the banks to the investing group of executives could reduce the banks' ownership of ordinary shares to 50.7 per cent.

The new debt structure came into being on January 1 1992.

Operating profits grew from £462,000 to £4.79m, on turnover of £50m (£74m).

However exceptional charges of £126,000 (credit £718,000), net continuing interest reduced to £2.64m (£11.2m), accrued debenture interest 1996 of £2.3m (nil) and non-continuing interest payable of £4.23m (nil) caused the losses on the pre-tax line. Losses per share emerged at 2.9p (28.5p) and again there is no dividend.

GKN sets up centre in Japan

GKN, the components and industrial services group, and Tochigi Fuji Sangyo are establishing, through their Viscodrive Japan joint venture, an engineering centre in Japan for the continued development of Viscodrive viscous couplings.

GKN has a 51 per cent interest in the joint venture.

The centre, which will cost £7m, will be built on a greenfield site at Tochigi, near to Tochigi Fuji Sangyo's manufacturing facility. It is expected to be operational from 1994.

Tharsis loss rises and dividend halved

Losses at Tharsis, the Glasgow-based group mainly involved in land development in Spain, increased from £153,000 to £290,000 in 1991 and for the second successive year the dividend is halved.

There is no final payment, leaving the total at 3p. In 1990 the distribution was cut from 12.5p to 6p.

On top of the loss, there were extraordinary charges of £1.46m. More than £1m covered the costs of the ruling in the Spanish courts against the company in respect of a claim of guarantees given for the performance of an associate company.

The directors have received legal advice that the judgment should be appealed.

Low gold price and a weak dollar on the result of bullion operations caused Filon Sur to return a substantial loss, of which £408,000 has been charged to Tharsis.

After a tax credit, losses came to 5.32p (earnings 3.23p).

Wyevale buying Lewes operation

Wyevale Garden Centres is increasing the number of centres under operation to 41 with the acquisition of Swanborough Garden Centre of Newhaven Road, Lewes, Sussex, for about £1.78m.

Consideration will be satisfied from the proceeds of a placing of 946,872 shares at 171p each to raise £1.62m. The shares will not rank for the final dividend.

VTR improves to £276,000

VTR, the video editing group, made a pre-tax profit of £276,000 in the six months to February 29.

That was down on the £432,000 of the comparable period, but improved over the £189,000 of last year's second half.

Turnover came to £3.53m (£3.18m) and operating profit to £413,000 (£556,000). Earnings were 2.4p (3.7p) and the interim dividend is held at 1.2p.

Sphere Investment Trust cuts pay-out

Sphere Investment Trust reported a net asset value of 20.9p per income share and 66.7p per zero dividend share at December 31.

The figures compared with respective values of 19.3p and 58.9p 12 months earlier.

Net revenue for 1991 rose to £4.33m (£4.09m) and earnings per income share emerged at 3.53p (3.34p). A fourth interim dividend of 1.0575p was paid in February bringing the total for the year to an unchanged 3.87p.

However, directors announced a reduced first interim of 0.75p and forecast a total of 3.1p in a strategy designed to ensure full recovery of advance corporation tax and to provide sufficient capital growth to safeguard interests of zero dividend holders.

Rea down to £0.26m after heavy debts

After doubling its doubtful debt provision and making exceptional charges, against income last time, Rea Brothers saw pre-tax profit decline from £1.61m to £261,000 in 1991.

The private banking group provided £950,000 (£480,000) for doubtful debts. The exceptional charge, of £189,000 (credit £945,000), represented a provision made by Rea Brothers (Isle of Man) relating to potential payments under the Depositors' Compensation Scheme in respect of the collapse of BCCI.

Earnings fell to 0.65p (4.09p) but the final dividend is 0.25p to hold the total at 0.5p.

Securities Trust of Scotland lower

Securities Trust of Scotland reported net asset value of 70.1p at March 31, down from the 76.9p of September 30 and 73.4p a year earlier.

Net profits fell from £10m to £9.69m for earnings per share of 3p (3.1p). A final dividend of 2.17p is recommended for a total of 3.25p (3.1p).

Hong Kong group buys Benchmark Bk

Guoco Group of Hong Kong, a financial services and investment group, is to buy Benchmark Bank, a small London-based commercial bank controlled by Benchmark Group, for an undisclosed sum.

Guoco, the locally-listed arm of Malaysia's Hong Leong Group, will carry out the purchase through Dao Heng Bank, its wholly-owned banking subsidiary.

The acquisition, expected to be completed in May, follows Guoco's purchase last month of a 49 per cent stake in Hoare Govett Asia.

S Jerome loses £1m but looks for upturn

The continuing depressed textiles market, together with unexpected costs on a number of contracts within the electronics division, pushed S Jerome & Sons into losses of £1.15m in 1991.

Turnover at £37.2m was little changed from the previous year's £37.8m, when pre-tax profits amounted to £100,000.

Mr Alan Jerome, chairman, said there was some evidence that a slow recovery was in progress in the area of textiles.

There is no final dividend, leaving the total at 1p (2.6p). The directors hope to return to both interim and final payments this year.

AFE purchases 12.4% of Cronite

AFE, the quoted French engineering company, has acquired 2.01m shares in Cronite Group, the Birmingham-based engineer and steel stockholder, for which it is making a £7.3m cash offer.

The shares represent a holding of 12.4 per cent. The 45p a share offer has the backing of most of the Cronite board and AFE has received undertakings to accept in respect of 14.8 per cent.

AFE's purchase at 44p, the days unchanged closing price, included the 4.8 per cent holding of Charles Baynes, which was the main stake in Cronite held by an industrial company.

Hartons losses deepen to £5.4m

By Angus Foster

Hartons Group, which through its VT Plastics division distributes plastic sheet and film, was hard hit by recession in its main markets of the UK and Europe and announced losses before tax more than doubled from £2.14m to £5.36m in the year to December 31.

Turnover fell to £92.9m (£129m) and there was an operating loss of £918,000, compared with a profit of £3.42m in 1990.

Interest charges fell to £2.99m (£4.33m) because of reduced borrowings. But exceptional items of £1.22m, the cost of further rationalisation, were unchanged.

The company's North American distribution business was sold in July last year, leading to an extraordinary loss of £617,000.

Losses attributable to shareholders totalled £6.2m (£2.8m) and there were losses per share of 8.1p (3.6p).

No dividend is proposed.

Acquisition prompts jump to £3m at Starmin

REFLECTING acquisition and subsequent reorganisation, Starmin produced pre-tax profits of £3m for 1991, compared with £764,000.

Mr Owen Rout, chairman, said this was the second year of substantial progress in the aim to develop as a medium sized quarry products group.

The proposed sale of the engineering division would allow management to concentrate totally on developing the quarry business, he stated. Extraordinary charges of £1.06m have been made against that.

The year saw substantial capital expenditure particularly in relation to re-equipping acquisitions. Spending in the current year should be significantly lower.

The pre-tax profit was split as to quarry products England £943,000 (£383,000) and Scotland £1.57m (£291,000), landfill £1.07m (nil), less discontinued businesses loss £64,000 (£10,000) and interest paid £512,000 (received £100,000).

Turnover expanded from £8.8m to £18.2m. Earnings per share came to 1p (0.4p) and the final dividend is the forecast 0.2p on capital increased by the rights issue, to make 0.3p (0.1p).

Borrowings were £2.9m representing gearing of just over 9 per cent.

Huntleigh shares jump 43p on profits advance

HUNTLEIGH Technology, the USM-quoted medical equipment manufacturer, yesterday saw its shares jump 43p to 503p after reporting a 42 per cent rise in pre-tax profits for 1991.

The advance, from £1.62m to £2.31m, was achieved on sales up 19 per cent at £20.8m (£17.4m).

The recommended final dividend goes up 1p to 2.75p, making a total of 4.5p (3p) for the year. Earnings per share came out at 17.15p (12.61p).

Mr Rolf Schild, chairman, said that during 1991 the healthcare division had enjoyed strong sales growth in all products groups, at home and abroad.

Talks had been completed, subject to contract, to merge the sensors and systems division with Tedea. The share structure of the venture is to be 65 per cent Tedea and the balance Huntleigh, reflecting the levels of investment. Mr Schild said the venture had made an encouraging start.

Trading in the first half had begun well. Contributions from the UK, US and German subsidiaries were significantly above the comparable period.

Alcan chairman calls for more smelter closures

By Kenneth Gooding, Mining Correspondent

A CALL went out yesterday from Mr David Morton, chairman of Alcan of Canada, for more high-cost western aluminium smelters to close to redress the imbalance in supply caused mainly by Russian exports to the west.

At the same time the European Commission ruled out any immediate action to protect its hard-pressed producers from the flood of aluminium from the former Soviet Union. However, the commission is to monitor imports to provide better statistical information.

It published a regulation requiring member states to give details of primary aluminium imports from the Commonwealth of Independent States every month from May 1. But an EC official suggested a clear statistical picture would not emerge until the end of 1992.

He pointed out that, while the commission's action would not restrict imports, it would provide better statistics to help it assess whether measures to safeguard the European producers were needed. But he admitted such measures would be difficult to apply.

The official held out the possibility that Russia, the biggest CIS aluminium producer, would probably be cautious about its exports to the EC this year because it would not want to undermine a market that provided an assured source of desperately-needed hard currency.

In its preamble to the regulation the commission said aluminium imports from the CIS to the EC had jumped from 12,586 tonnes in 1990 to 122,957 tonnes last year. But imports from the CIS by the former East Germany, a big buyer in the past, were included in the 1991 total.

Meanwhile, Alcan's Mr Morton used his annual meeting in Montreal to point out that the closure of nearly 1m tonnes of western primary aluminium capacity had already been announced, although not all had yet taken effect. Included in the total was a 50,000 tonnes cut by Alcan, representing 8.5 per cent of its world-wide capacity.

Mr Morton said recovery in aluminium demand would be slow and more western capacity was coming into operation this year. "We have seen the bottom of the market but prices will have to struggle to sustain current levels for the remainder of the first half of the year," he added.

"I believe further production cutbacks in the industry, particularly of older, higher-cost and less environmentally satisfactory smelters, must form part of the solution," said Mr Morton.

According to the Anthony Bird Associates consultancy group, the western world's highest-cost smelters are in Italy, with production costs averaging 76 US cents a lb, Spain, 72 cents, Germany, 65 cents and the UK, 62 cents. This compares with Venezuela, the lowest-cost country with an average of 47 cents, Canada, 49 cents, and Australia 50 cents.

Europe already is bearing the brunt of cuts so far. The European Aluminium Association estimates that production by its members fell by 2.4 per cent from the 1990 level to 3.533m tonnes last year. The fall in output has been accelerating. It was 5.7 per cent in the last quarter of 1991 and more than 8 per cent last month.

The World Bureau of Metal Statistics estimates that aluminium imports from the CIS to the west last year reached at least 935,000 tonnes of which 700,000 tonnes was consumed, leaving 300,000 tonnes in London Metal Exchange warehouses at the end of last year.

Russia has allocated 615,000 tonnes of production for export this year but in view of the chaotic conditions in the CIS many analysts believe exports are more likely to be between 500,000 and 600,000 tonnes, or roughly half the 1991 level.

Indonesia's overstretched rubber industry

William Keeling on a downturn in production after years of bucking the world trend

THE DECLINE of the international natural rubber market may finally have caught up with Indonesia. The Rubber Association of Indonesia (Gapkindo) expects production to decline by 20 per cent this year as farmers turn to more lucrative crops.

This would be the first major reversal for a country which has bucked the trend by increasing production during a period of low commodity prices. Indonesia is the world's second largest rubber producer, with output rising from 1.05m tonnes in 1985 to 1.27m tonnes last year with an estimated 3.1m hectares (7.6m acres) under cultivation.

The value of Indonesia's rubber exports in 1990 amounted to US$855m, the third largest non-oil export after manufactured goods and forest products.

Mr A.F. Budiman, executive director of Gapkindo, describes the outlook as "very gloomy". Hazy skies caused by last year's extensive forest fires are partly to blame for the fall in production (a lower rate of photosynthesis results in reduced yield) but he says the main culprit is the international pricing system.

Consumers, such as the international tyre companies, prefer to buy direct from processors in Indonesia and cut out traders in Singapore. Dr Budiman says this has reduced the volume and quality of rubber appearing at auction and kept prices low.

The price agreed between the tyre companies and processors, however, is based upon the auction price, albeit with a small quality premium of between 2 and 5 Singapore cents a kilogram. As a result, Mr Budiman explains, "many processors feel the price they get is already discounted".

The price squeeze is beginning to hurt processors and farmers. Indonesia's SIR-20 rubber is fetching about 40 cents a lb in the US, which buys half Indonesia's production. Industry officials say the price would have to reach 50 cents a lb for business to be remunerative.

A solution might be for the processors to channel more of their production through the Singapore market, forcing tyre companies to buy from the traders and increasing the auction price.

The initiative is already being taken by PT Nusira, Indonesia's largest processor, which has five factories with a total capacity of 12,000 tonnes a month. Mr Hasan Bahari, a director of Nusira, says that the company sells 90 per cent of its production direct to tyre companies, mainly Goodyear and Yokohama, with the remainder being purchased by traders. However, Nusira has decided to reduce direct sales to 70 per cent of production, Mr Bahari says.

Whether this will become an industry-wide trend remains unclear. As Mr Budiman explains, the processors "have already invested a lot to fulfil the needs of the [direct] customers".

For some producers a price rise could not come soon enough. Gapkindo estimates that 10 per cent of processors have either closed or are operating at significantly reduced capacity. Smallholders, who make up some 80 per cent of production and are paid about 70 per cent of the world market price for their rubber, are cutting back acreage, Mr Budiman says.

Mr Bahari remains more bullish about the future. He says that most farmers, although unhappy with the price they receive, are tied into rubber production and Nusira is not anticipating a problem with supply. Indeed Nusira plans to increase capacity by 7 per cent this year.

"Other companies are reducing their production. We are increasing to lower our costs", he explains.

A shake-out of the processing industry is likely. Gapkindo estimates that high bank interest rates, averaging 27 per cent a year, have increased production costs by up to 30 per cent in recent years. Smaller and less efficient processors may fall by the wayside.

Industry concern at low prices is likely to result in demands for the re-structuring of the International Natural Rubber Agreement, signed in 1987 and due to expire this year, which agreed a level of buffer stock and intervention prices.

Indonesia was late in paying its financial dues in January to the International Natural Rubber Organisation, which encompasses both producers and consumers.

Although Gapkindo says the late payment resulted from a "technical" hitch, government officials are reported to be concerned at the organisation's failure to lift prices out of their three year trough.

A meeting of producing nations to agree proposed changes to the international agreement is scheduled for April 29-30 in Changmai, Thailand. Such proposals might include an increase in the size of the buffer stock, and a narrower band of intervention prices. As one Indonesian official comments, "Although not stated specifically, what we want is higher prices".

The recent recovery in natural rubber prices appears too short of fundamental support to last, according to the Economist Intelligence Unit's latest World Commodity Forecasts, writes David Blackwell. The EIU has again lowered expectations for the economy of the US, the world's largest consumer of rubber. The small recovery of oil prices - which govern the cost of synthetic rubber – is unlikely to be of much support to natural rubber prices. Little support is expected from restocking demand.

The low prices of the last couple of years are to some extent explained by the recent upward revisions for global production figures by the International Rubber Study Group, the EIU believes. Belated production cuts rather than any real recovery in demand have strengthened the market.

The best hope for better prices "must come from an upturn in global demand" as well as continued reduction in production in Malaysia and elsewhere. The recovery from a low of 49.5 pence a kilogram in London on February 10 to more than 54 pence a kilogram came just in time to avert a threat to the International Rubber Agreement, whose members were unable to agree on reducing the buffer stock intervention price bands.

Coffee price touches 17-year low

By David Blackwell

LONDON ROBUSTA coffee prices touched 17-year lows in early trading yesterday as the recent downtrend continued.

Long liquidation pushed the July contract down to $782 a tonne, the cheapest level for a second-month contract since the market switched from sterling to dollars last year. However, the market recovered most of the losses in the afternoon as profit-taking purchases emerged, July closing just $1 down at $797 a tonne.

Mr Lawrence Eagles, analyst with GNI, the London futures dealer, said the market was very oversold, with some operators willing to push it down further. It was difficult to see a bullish factor emerging before the International Coffee Organisation meeting in late June.

Future ICO developments "promise to be one of the biggest market factors," according to the latest World Commodity Forecasts from the Economist Intelligence Unit. The EIU believes that the prospect of a new international agreement with economic clauses has improved through the greater flexibility shown recently by Brazil, the world's biggest producer.

India disappointed with oil round bids

By K.K. Sharma in New Delhi

India's Ministry of Petroleum received a disappointing 24 bids for the 72 onshore and offshore blocks thrown open for exploratory drilling in the fourth licensing round, writes K.K. Sharma in New Delhi. The ministry had hoped for more interest in view of various incentives and concessions, including production-sharing and tax benefits, that were offered for the first time.

The incentives were offered because the country urgently needs new fields. For the past two decades India's oil production has stagnated at about 240m barrels a year. Because of the growing demand India has to use scarce foreign exchange to import more than 150m barrels of crude and petroleum products every year.

The foreign companies that bid included Royal Dutch/Shell, Amoco and Arco of the US and smaller US firms like Andarco, Albion and Pan Energy Resources. Private Indian bidders included Tata Industries, Hindusthan Oil Exploration Corporation and Gujarat Gas of the Mafatlal group. Some foreign companies that bid in previous rounds stayed away this time. They included Chevron of the US, BHP of Australia and International Petroleum of Dubai. Exxon and Mobil had also bid in earlier rounds. Indian companies that were expected to bid but abstained were the Aditya Birla group, the Ambanis and the Ruias of Essar.

The 24 bids received were for 13 blocks, eight offshore and five onshore. Bids were made for onshore blocks in Rajasthan, Gujarat, Andhra, Maharashtra and West Bengal.

Taiwan aims to streamline pig sector

Luisetta Mudie on an industry dogged by environmental protests

TAIWAN'S PIG industry, dogged by environmental protests and low pork prices, is likely to face a downturn in the coming months, as the government implements policies to upgrade and streamline the industry.

The island's pig population recently topped 10m, which is one pig for every two people. As well as satisfying domestic demand, pork is also the island's largest agricultural export. Last year it exported $700m worth of chilled and frozen pork, 90 per cent of which went to the Japanese market.

Taiwan's proximity to Japan and its lower labour costs has given it distinct advantages over its major competitors there, namely Denmark, the Netherlands and the US.

The Taiwanese market, however, is still closed to European meat, ostensibly for veterinary reasons. Pork prices have been about T$4,000 (US$160) per 100 kg for the past year now, which pork producers say barely covers their costs. Last year saw a drop in the number of smallholdings with 200 pigs or less, while farms with 200 to 1,000 and 1,000-5,000 pigs increased by about 30 per cent and 40 per cent respectively.

The environmental price, however, has been high. With one pig producing 3.5 kg of manure and urine per day, 35,000 tonnes daily have been pouring into Taiwan's lakes and rivers, turning them black and devoid of oxygen.

The government's strategy has been to encourage farmers to install waste treatment technology, promising T$300 per pig to this end for farmers in water conservation areas, and double that for those who are forced to give up farming pigs altogether.

Provincial government officials claim that 65 per cent of farms inspected so far have come up to regulation standards.

Pig associations say that this will do little to help farms with less than 200 pigs, who will be hardest hit by the policy. With the worst environmental record and little spare cash, very few such farmers are likely to come up to new standards to be set towards the end of the year.

Pig farm waste has turned lakes and rivers black and devoid of oxygen

In some areas telephone hotlines have been set up, and the public encouraged to lodge complaints against casual pig farms that pollute their neighbourhood. Such complaints can lead to fines of T$60,000, an amount likely to bankrupt smallholders.

Other analysts say that a strong farming lobby and the availability of low interest loans from the government and farmers' unions, mean that the smaller pig farms are unlikely to be sacrificed entirely.

One of the larger players, too, has been exploring other options. TaiSugar will not be investing any new funds in its pig farming operations in Taiwan, saying that the future looks uncertain. The state-owned enterprise has been exploring possible sitings for new pig farms as far afield as Canada and Australia.

On the other hand, Chia Hsin Livestock, with 35,000 pigs and diverse agricultural interests, says it is confident it can ride out the slump in pork prices.

An official of the cabinet-controlled Council of Agriculture said that the government hoped to reduce the pig population by as much as 20 per cent, scaling down the industry to subsistence level, while at the same time making it more high-tech and efficient.

A contraction of this nature would in turn affect the demand for feed grain and soyabeans. Taiwan is heavily dependent on imports of these items, mainly from the US, importing more than $1bn of maize and soyabeans last year.

Mexican mining reform debate next week

THE MEXICAN Congress will begin debating next week reforms to the constitution aimed at easing restrictions on foreign investors in the mining industry, according to an official at the Energy and Mines Ministry (Semip), reports Reuter from Mexico City.

Mr Abel Magana, director of information at Semip, said that President Carlos Salinas de Gortari was expected to present the initiative in Congress next week. He thought the reforms would be approved within 15 to 20 days.

They would facilitate foreign investment in all sectors of the mining industry except uranium, Mr Magana said.

The need for foreign investors to ally themselves with Mexican partners holding majority interests would end and the requirement that the investment work through a fund administered by a Mexican bank would also be removed. The law would permit foreign investors to buy concessions to exploit mineral reserves.

WORLD COMMODITIES PRICES

MARKET REPORT

New York nearby raw **SUGAR** futures climbed above 10 cents a lb in early trading yesterday. Analysts said heavy trade shortcovering in the nearby contract led the market higher. Funds and commission houses, already known to be heavily long, were said to have beefed up positions at the open and at several subsequent chart points. Dealers in London, where raws prices were at 16-month highs in late trading, said that although the Thai crop looks set to be large this year a significant proportion has been refined into white sugar, limiting availability of raws. A drought in South Africa is also set to restrict the supply of raw sugar. Most of the available nearby supplies also seem to have made their way into "strong hands" and it may not be long before the market hits 11 cents a lb, basis May New York. On the LME **ZINC** continued to be underpinned by technical tightness, notably for June delivery metal. The premium for cash metal over three-month widened to $44 a tonne from Wednesday's $29.50. The main objective is $1,300 a tonne for three-month metal, dealers said. LME warehouse stocks are expected to rise today.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.30-16.35	
Brent Blend (dated)	$18.65-18.75	-.025
Brent Blend (Jun)	$18.65-18.70	-.025
W.T.I (1 pm est)	$19.95-20z	-.050

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$210-212	
Gas Oil	$172-173	-2
Heavy Fuel Oil	$72-74	+1
Naphtha	$180-182	-2

Petroleum Argus Estimates.

Other		+ or -
Gold (per troy oz)♣	$338.75	+0.05
Silver (per troy oz)♣	402c	+2.0
Platinum (per troy oz)	$343.50	+2.25
Palladium (per troy oz)	$82.50	+0.10
Copper (US Producer)	103.41	-0.03
Lead (US Producer)	37.38c	
Tin (Kuala Lumpur market)	14.54r	
Tin (New York)	272.5	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	110.85p	+0.63*
Sheep (live weight)†♣	88.97p	-5.84*
Pigs (live weight)†	101.70p	+0.59*
London daily sugar (raw)	$241.6y	+0.6
London daily sugar (white)	$274.5y	+2.0
Tate and Lyle export price	£246.0	
Barley (English feed)	£119.25	+0.25
Maize (US No. 3 yellow)	£148.0w	
Wheat (US Dark Northern)	£120.0w	
Rubber (May)♥	54.75p	+0.25
Rubber (Jun)♥	55.00p	+0.25
Rubber (KL RSS No 1 May)	217.0	
Coconut oil (Philippines)§	$40.0t	-15.0
Palm Oil (Malaysian)§	$405.0z	-2.5
Copra (Philippines)§	$430.0w	
Soyabeans (US)	£150.5t	
Cotton "A" Index	57.90c	+0.10
Woollops (64s Super)	448p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-May/Jun y-Apr/May w-Apr z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	228.90	215.40	227.00 213.00
Aug	220.00	210.40	218.80 209.60
Oct	205.00	197.60	203.80 196.00
May	189.00	189.00	187.00 187.00
White	**Close**	**Previous**	**High/Low**
Aug	275.50	272.50	276.20 270.50
Oct	268.00	263.50	270.00 266.00

Turnover: Raw 552 (308) lots of 50 tonnes. White 1472 (623)
Paris- White (FFr per tonne): Aug 1575.06 Mar 1569.65

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Jun	18.67	18.76	18.87 18.55
Jul	18.61	18.71	18.77 18.51
Aug	18.59	18.69	18.70 18.56
Sep	18.55	18.66	18.70 18.52
Oct	18.53	18.65	18.53 18.53
Dec	18.53	18.65	18.64 18.53
IPE Index	18.82	18.96	18.82 18.82

Turnover 16,000 (16,777)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
May	170.25	171.50	172.25 169.50
Jun	169.75	171.50	172.00 169.50
Jul	171.00	172.50	173.00 170.75
Aug	173.00	174.25	174.25 173.00
Sep	175.00	176.50	176.00 175.00
Oct	177.50	178.25	178.00 176.50
Nov	178.75	179.75	179.50 178.25
Dec	179.50	181.00	181.00 179.50
Jan	178.75	179.25	181.75 179.50

Turnover 10,513 (8,475)lots of 100 tonnes

FRUIT & VEGETABLES
Top quality bananas are this week's best fruit buy at 49-60p a lb (48-60p) reports the FFVIB. Other good buys include Cape Golden Delicious apples at 55-60p a lb (55-60p). Also look out for Spanish strawberries at 60-75p a ½lb (75-90p). Crisp, sweet tasting Dutch carrots are superb this week at 30-40p a lb (35-40p). Also good are Egyptian new potatoes at 25-28p a lb (25-30p). English and Jersey cauliflowers remain an excellent choice at 38-45p each (45-60p). Best homegrown salad buys this week are English Round lettuce at 20-25p a head (20-30p) and English tomatoes at 70-75p a lb (60-75p).

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
May	583	575	591 569
Jul	611	603	618 596
Sep	636	628	644 621
Dec	672	664	678 659
Mar	706	696	713 692
May	729	716	729 715
Jul	749	741	737
Sep	771	762	770

Turnover: 8275 (4777) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 22 757.51 (770.96) 10 day average for Apr.23 765.70 (765.60)

COFFEE – London FOX ($/tonne)

	Close	Previous	High/Low
May	770	774	773 757
Jul	797	798	801 782
Sep	816	820	823 805
Nov	834	836	839 826
Jan	852	857	853 846
Mar	872	877	866

Turnover:6973 (4041) lots of 5 tonnes
ICO Indicator prices (US cents per pound) for Apr.21: Comp. daily 51.66 (52.56) 15 day average 54.69 (54.89)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
May	114.5	114.0	114.3 113.6
Apr	117.9	120.0	118.5 116.0

Turnover 104 (131) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Aug	122.50	123.00	
Oct	126.50	127.00	

Turnover - (-) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Apr	1196	1198	1200 1192
May	1223	1211	1223 1205
Jun	1122	1109	1122 1095
Jul	1105	1092	1105 1100
Jan	1243		1243 1240
BFI	1179	1176	1179

Turnover 179 (201)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
May	123.35	123.60	123.40 123.30
Jun	125.10	125.45	125.20 125.10
Nov	115.10		115.10
Jan	118.70	118.80	118.70
Mar	121.90		121.90
Barley	**Close**	**Previous**	**High/Low**
May	115.75	116.50	115.75 115.50
Sep	107.95		108.00 107.95

Turnover: Wheat 428 (433), Barley 31 (24).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	129.0		128.3 127.5
May	126.3	126.5	128.2 125.6
Jun	119.8	119.8	118.5 119.0
Jul	113.0	114.0	113.6 112.9
Aug	108.5		108.0
Sep	109.0		108.5
Oct	109.0		109.5 108.0
Nov	109.6		109.0 108.5

Turnover:58 (93) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 34,045 lots
Cash	1326-7	1332-3		1327-7.5		
3 months	1352-2.5	1358-9	1360/1351	1352-2.5	1350-1	169,180 lots
Copper, Grade A (£ per tonne)						Total daily turnover 28,231 lots
Cash	1248-9	1246-9	1249/1247	1246-8.5		
3 months	1280-80.5	1279.5-80	1281.5/1278	1278-8.5	1279-80	102,920 lots
Lead (£ per tonne)						Total daily turnover 1,696 lots
Cash	299.5-300	299-300		299-300		
3 months	312-2.5	312-3	314/312.5	312-3	312.5-13	16,565 lots
Nickel ($ per tonne)						Total daily turnover 3,446 lots
Cash	7465-75	7480-90	7475	7480-90		
3 months	7555-65	7565-75	7600/7556	7565-75	7555-60	24,298 lots
Tin ($ per tonne)						Total daily turnover 855 lots
Cash	5860-70	5865-75		5865-75		
3 months	5860-70	5870-80	5875/5855	5870-80	5850-60	6,985 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 13,990 lots
Cash	1334-5	1311-13	1328/1318	1311-13		
3 months	1290-1	1282-3	1290/1279	1282-3	1288-9	54,665 lots

LME Closing £/$ rate:
SPOT: 1.7650 3 months: 1.7390 6 months: 1.7157 9 months: 1.6958

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	338.50-339.00	
Opening	338.20-338.60	
Morning fix	338.60	192.286
Afternoon fix	338.50	192.089
Day's high	339.00-339.30	
Day's low	338.20-338.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.13	6 months	3.30
2 months	3.17	12 months	3.40
3 months	3.20		

Silver fix	p/fine oz	US cts equiv
Spot	228.20	402.00
3 months	234.15	406.10
6 months	239.95	410.50
12 months	251.05	420.35

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	338.50-339.50	192.00-192.50
Maple leaf	349.00-350.00	198.00-198.50
New Sovereign	83.00-84.00	47.00-47.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1200	132	140	3	3
1300	37	54	5	14
1400	3	10	69	69
Copper (Grade A)	**Calls**		**Puts**	
2150	62	72	3	6
2250	3	14	41	47
2350	3	8	138	133
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
750	55	82	9	17
800	25	52	28	37
850	10	31	63	66
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
575	39	65	11	12
600	24	48	21	20
625	15	34	37	31
Brent Crude	**Jun**	**Jul**	**Jun**	**Jul**
1850	42		26	49
1900	19	35	61	
1950	7			

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	338.7	339.3	339.4	338.2
May	338.7	339.3	0	0
Jun	339.3	339.8	340.3	338.3
Aug	341.3	341.8	342.1	340.7
Oct	343.2	343.7	343.8	343.5
Dec	345.3	345.8	346.4	345.1
Feb	347.7	348.2	0	0
Apr	350.1	350.5	350.8	350.8
Jun	352.7	353.1	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	345.9	342.5	344.5	344.5
Jul	343.9	343.8	345.0	342.2
Oct	347.6	347.3	347.5	346.0
Jan	347.9	347.3	348.5	347.5
Apr	349.4	348.8	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	401.0	401.4	0	0
May	401.3	401.8	403.5	399.5
Jun	403.0	403.4	0	0
Jul	404.6	405.0	406.5	403.0
Sep	407.9	408.3	409.0	408.0
Dec	412.8	413.2	414.5	411.0
Jan	414.5	414.9	415.0	415.0
Mar	418.3	418.7	0	0
May	422.4	422.7	422.5	422.5
Jul	426.4	426.7	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	99.90	99.40	100.15	99.75
May	100.10	99.55	100.20	99.60
Jun	100.30	99.70	100.30	100.05
Jul	100.50	99.90	100.65	100.00
Aug	100.60	100.00	0	0
Sep	100.70	100.05	100.70	100.20
Oct	100.70	100.00	0	0
Nov	100.70	100.00	0	0
Dec	100.70	99.95	100.65	100.25
Jan	100.55	99.85	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	10.28	9.72	10.34	9.75
Jul	9.86	9.43	9.94	9.48
Oct	9.18	8.79	9.18	8.84
Mar	8.94	8.67	8.94	8.72
May	8.86	8.69	8.85	8.65
Jul	8.91	8.70	8.84	8.84

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	20.02	20.11	20.23	19.85
Jul	20.11	20.16	20.28	19.96
Aug	20.12	20.16	20.26	19.97
Sep	20.11	20.13	20.21	19.93
Oct	20.04	20.09	20.20	19.94
Nov	19.99	20.06	20.10	19.90
Dec	20.03	20.03	20.12	19.92
Jan	19.93	19.96	19.98	19.89
Feb	19.90	19.90	19.95	19.80
Mar	19.84	19.85	19.85	19.81

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5505	5578	5620	5475
Jun	5460	5521	5550	5415
Jul	5450	5504	5520	5410
Aug	5530	5574	5590	5500
Sep	5650	5699	5680	5630
Oct	5760	5799	5785	5730
Nov	5830	5889	5890	5830
Dec	5940	5979	5960	5910
Jan	5945	5989	6010	5935
Feb	5860	5894	5860	5860

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	928	892	931	903
Jul	967	937	972	949
Sep	1006	978	1013	992
Dec	1060	1028	1066	1040
Mar	1102	1074	1100	1095
May	1138	1104	0	0
Jul	1167	1138	0	0
Sep	1197	1168	0	0
Dec	1205	1206	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	65.40	63.35	65.60	62.75
Jul	67.15	65.50	67.45	65.05
Sep	69.40	67.95	69.80	67.60
Dec	72.85	71.70	73.30	71.10
Mar	76.10	75.25	76.25	74.90
May	78.75	77.70	78.75	77.50
Jul	81.25	80.00	0	0
Sep	83.95	82.70	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	59.07	61.22	59.25	57.15
Jul	60.78	61.77	61.00	59.35
Oct	62.72	63.15	62.45	61.45
Dec	62.72	63.70	62.84	61.95
Mar	64.00	63.90	64.00	63.25
May	64.50	63.40	64.50	64.50

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	136.20	136.25	139.65	135.60
Jul	133.50	131.40	134.90	130.25
Sep	126.25	124.25	126.25	123.80
Nov	119.25	118.05	120.00	117.75
Jan	119.25	118.05	119.75	118.00
Mar	118.75	118.05	118.60	118.00
May	118.75	118.05	118.00	118.00
Jul	118.75	118.05	0	0
Sep	118.75	118.05	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr.23	Apr.22	mnth ago	yr ago
1603.8	1602.1	1607.6	1760.8

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr.22	Apr.21	mnth ago	yr ago
Spot	115.96	115.98	117.91	126.35
Futures	118.61	119.17	121.83	127.80

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	581/4	577/0	582/0	576/2
Jul	586/2	583/6	589/0	583/0
Aug	592/2	588/0	592/4	587/2
Sep	596/6	592/4	598/0	591/2
Nov	603/0	600/2	603/6	598/2
Jan	612/4	608/4	612/4	608/4
Mar	622/4	618/0	622/4	617/0
May	628/4	625/0	628/4	625/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	19.79	19.67	19.82	19.53
Jul	20.11	19.93	20.12	19.83
Aug	20.26	20.08	20.30	20.00
Sep	20.40	20.20	20.40	20.18
Oct	20.57	20.35	20.60	20.33
Dec	20.90	20.67	20.92	20.61
Jan	21.01	20.77	0	0
Mar	21.30	21.05	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	175.9	PR.SET	HIGH	LOW
Jul	178.3	175.2	178.2	175.0
Aug	179.4	177.5	178.4	177.3
Sep	180.6	178.3	179.5	178.4
Oct	197.1	179.5	180.8	179.5
Dec	197.2	195.9	197.2	195.9
Jan	197.2	196.4	197.2	196.2
Mar	197.7	197.0	197.5	196.8

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	252/0	251/2	252/4	250/4
Jul	256/4	255/6	257/0	254/2
Sep	253/0	251/4	253/6	250/4
Dec	252/0	249/6	252/6	249/2
Mar	260/0	257/4	260/2	256/6
May	264/2	261/6	264/4	261/6
Jul	267/6	265/0	267/6	264/0
Dec	256/0	257/0	257/0	255/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	380/6	374/0	380/6	373/4
Jul	364/0	356/0	364/0	356/4
Sep	367/0	368/6	367/0	359/4
Dec	373/6	365/6	374/0	365/4
Mar	372/6	364/4	372/6	364/4
May	355/4	352/0	357/0	355/0
Jul	337/4	334/4	336/0	333/0
Sep	342/4	339/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	77.275	77.100	77.500	76.950
Jun	73.425	72.575	73.450	72.600
Aug	69.575	68.675	69.600	68.650
Oct	69.525	68.800	69.575	68.800
Dec	69.800	69.275	69.825	69.250
Feb	69.375	68.850	69.450	69.100
Apr	70.475	70.200	70.475	70.250

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	43.050	43.425	43.450	42.850
Jun	47.675	47.450	47.950	47.150
Jul	45.875	45.650	46.000	45.525
Aug	43.800	43.550	43.850	43.500
Oct	40.575	40.375	40.650	40.325
Dec	42.725	42.650	42.800	42.500
Feb	43.575	43.500	43.600	43.450
Apr	42.150	42.150	0	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	34.100	33.700	34.950	33.530
Jul	34.075	33.750	34.400	33.500
Aug	32.000	31.975	32.400	31.550
Feb	42.500	42.350	42.825	42.300
Mar	42.000	41.625	42.000	0
May	42.200	42.025	42.200	0

LONDON STOCK EXCHANGE

Rights issue fears overshadow shares

By Steve Thompson

AN EARLY powerful performance by London's equity market, triggered mostly by the first big post-election takeover bid, ran out of steam in reaction to three items of bad news.

These were bad money supply figures from Germany, a big slide in the Footsie's important pharmaceutical stocks after US group Merck was suspended on Wall Street after a backlog of selling orders and worries that a hefty rights issue from one of the footsie constituents is imminent.

The FT-SE 100-share index ended a volatile day only marginally higher on balance, closing 2 up at 2,609.8.

For much of the session, however, the market had run ahead, with buying fuelled by *suggestions that UK interest* rates could be set to fall in coming months. The interest rate stories had been fuelled by yet another strong showing from sterling which maintained its upward momentum against the dollar and D-Mark.

Added to the rise in the currency was a feeling of confidence generated by recent surveys on the *UK* economy suggesting it is fast emerging from recession.

The day's most positive news, however, came with the much-heralded takeover bid for Dowty Group, launched by TI Group, which *prompted* a flurry of bid-inspired activity in other areas of the market.

The Footsie, which began the day around 3 points higher, picked up momentum as the morning wore on and reached the day's peak of 2,630.1, or 22.3 points to the good, just after midday. This coincided with bad money supply figures from Germany, which many observers said dented lingering hopes *of Frankfurt interest* rate cuts and could postpone rate cuts elsewhere, including the UK.

The news "knocked the stuffing out of equities," as one dealer put it, with the Footsie *future coming under pressure.* The emergence, later in the day, of the rights issue worries, together with a poor opening on Wall Street and a big slump in Merck shares, put the skids under London with the Footsie relinquishing all of its hard won gains and dipping into negative territory – posting a 2.1 decline at one point – before *stabilising. The index* ended the session 2 points higher at 2,609.8.

The big slide in Merck shares on Wall Street caused a wave of selling pressure in Glaxo, Smith Kline Beecham, and Wellcome, which together accounted for nearly eight points on the Footsie.

Rights issue speculation centred on, among others, Kingfisher, BTR and Courtaulds.

Dealers were heartened by the increased levels of activity in the equity market. Turnover topped 612m shares. Stock Exchange figures revealed that the value of customer business on Wednesday exceeded £1.5bn. Tuesday, when attendance in the market was affected by the Easter holiday, has been the only post-election session in which the value of retail business has fallen below £1bn.

The strategy team at UBS Phillips & Drew remains bullish of the equity market. Mr Mark Brown said; "With the Tories back in, the last party *for the UK equity* market is on again. Yields can fall further in response to a better mix of inflation and growth."

Account Dealing Dates		
*First Dealings:		
Apr 6	Apr 27	May 11
Option Declarations:		
Apr 23	May 7	May 28
Last Dealings:		
Apr 24	May 8	May 29
Account Day:		
May 5	May 18	Jun 8

*New-time dealings may take place from 9.30 am two business days earlier.

US selling hits drug stocks

PHARMACEUTICAL stocks dropped sharply in afternoon trading. The falls in Glaxo, Wellcome, SmithKline Beecham and Reckitt & Colman were responsible for almost 8 points on the FT-SE 100 Index.

The *initial* pressure came from the US. Shortly after New York opened yesterday afternoon, trading in US pharmaceuticals group Merck was suspended in reaction to a large sell order which could not be matched with a buyer.

Merck had produced disappointing results last week. It was down $1⅞ by the time dealing was halted and was expected to reopen a further $4 lower. In London, dealers reacted by marking down any UK pharmaceutical companies with shares held in the US.

Glaxo, 27 per cent owned by US investors, fell 35 before closing 19½ off at 728p. Wellcome, weak all day, partly because of a large overhang of stock and also following a presentation, by Bristol Myers Squibb, of the US, about a possible rival to Wellcome's anti-Aids drug Retrovir, weakened further to close 47 down at 1027p.

SmithKline lost 17 to 799p in spite of first-quarter results in line with forecasts. Reckitt has virtually no exposure to US markets but still retreated 18 to 650p.

After London closed, trading in Merck restarted and the shares were quoted around $4¾ off in New York.

Dowty races ahead

Turnover in Dowty Group leapt to 17m shares, around 7 per cent of its issued equity, and the stock jumped 32 to 177p, making it the best performing stock of the day in percentage terms, after TI *Group's £482m bid for the* company.

Some investors took the view that the bid was a "one way bet" in which they gain in the event of a counter-bid from Smiths Industries, said to have had long standing ambitions on Dowty, or as a cheap way of getting into TI should the offer succeed.

While many City analysts see the offer as a "knock-out price", a few observers refused to rule out a counter bid by Smiths. Talk of an alternative offer from Smiths, along with two large lines of stock overhanging the shares, left Smiths 6 lighter at 308p after an initial rise.

TI tumbled 47 to 669p, the biggest percentage fall of the day, with analysts remaining concerned about the dilutive effect of the bid on the company over the next two years. A steeper fall may have been prevented by the view that success could herald TI's entry into the FT-SE 100 Index.

Power generation and regional electricity companies were hit by a statement from the National Grid that capacity could exceed demand by 57 per cent by 1997-98.

However, analysts said the figure appeared massively *overstated* and was *based* on the assumption that new power stations would be built when there was no chance of making a return on them, and no out-dated plants would be shut down.

The *Electricity Package fell* £62 to £3128. the Scottish generators bucked the trend, gaining ground ahead of the deadline for making a second payment on the partly-paid stocks.

County NatWest said Scottish Power, up a penny at 98p on turnover of 17m shares, was the cheapest stock in the utilities sector and was likely to outperform the market by 15 per cent. Scottish Hydro-Electric rose 1½ to 103½p on turnover of 8.6m.

Kleinwort Benson successfully placed 8.93m new shares in property development and construction company Wilson (Connolly) at 192p. The placing with various institutions raised £17m and Wilson gained a penny to 200p.

Lloyds Bank was 10½ better at 406p ahead of a reported meeting to discuss a possible bid for Midland. UBS Phillips & Drew published a positive note yesterday examining the financial implications of a takeover offer above the one from HongKong and *Shanghai Banking.*

Hard-hit insurers bounced back yesterday, somewhat cheered by news that London & Manchester had seen combined new business growth of 33 per cent. The group's shares improved 10 to 265p. Guardian Royal Exchange, an old bid chestnut, rose 8 to 143p.

A squeeze in ECC sent the shares climbing 21 to 571p as some 1m changed hands ahead of a listing of the stock in New York next week.

Oil group Lasmo declined 5 to *207p* as securities house County NatWest put out a cautious note on the exploration sector. The house prefers Enterprise (off 4 at 392p) to Lasmo.

British Aerospace was vola*tile. The stock climbed 16 on* the announcement of a new chairman but ran into sellers to close 5 ahead at 348p on turnover of 3m.

Tate & Lyle retreated 11 to 415p on news that Pepsico is to *renew its previous 10-year* agreement for the use of Monsanto's Nutrasweet sweeteners rather than change to Tate's Sucralose.

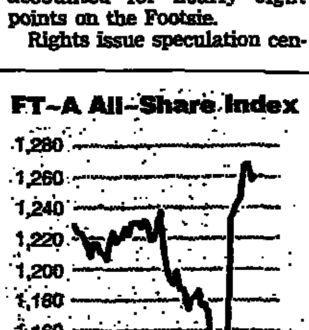
Share volume in Queens Moat Houses rose to 7.6m and the stock firmed 2 to 84p after BZW, its joint broker, issued a 20-page note recommending the stock.

ICI was up comfortably in the morning ahead of the anticipated announcement that it was selling its fibres division to Du Pont, of the US, and buying their acrylics arm. However, the shares receded to end a net 2 off at 1364p. *One dealer* said the whole market was concentrating on the possibility that Hanson might sell its 20m-share stake in ICI. Hanson eased a halfpenny to 234p. BZW was said to be the latest *house to cut profit forecasts.*

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Colin Millham.

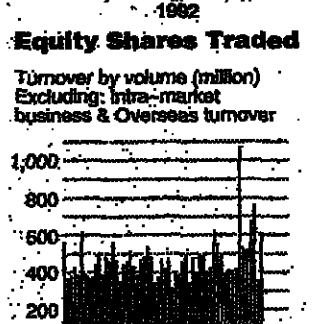
■ *Other market statistics,* **Page 24.**

FT–A All–Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Source: Datastream

FINANCIAL TIMES STOCK INDICES

	Apr 23	Apr 22	Apr 21	Apr 16	Apr 15	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	88.45	88.49	88.49	88.65	88.62	85.09	88.82 (15/4)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	102.21	102.31	102.40	102.80	102.67	94.18	102.80 (16/4)	97.15 (2/1)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	2042.7	2034.8	2047.6	2059.2	2053.0	1943.9	2059.2 (16/4)	1851.4 (3/4)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	111.0	111.9	112.5	111.9	113.9	145.2	160.6 (10/1)	111.0 (23/4)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2609.8	2607.8	2625.8	2638.9	2640.2	2482.1	2640.2 (15/4)	2382.7 (3/4)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1212.01	1213.46	1208.47	1213.52	1212.84	1157.65	1213.52 (16/4)	1120.52 (8/1)	1213.52 (16/4/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.47	4.46	4.45	4.43	4.44	4.96				
●Earning Yld %(full)	6.41	6.40	6.39	6.35	6.36	6.89				
●P/E Ratio(Net)(☆)	19.63	19.67	19.72	19.85	19.81	13.84				
SEAQ Bargns 5.00pm	37,254	35,229	34,636	45,598	43,169	27,210				
Equity Turnover(£m)†	-	1571.0	867.9	1771.8	1,560.0	991.15				
Equity Bargains†	-	46,374	30,359	51,819	48,524	29,299				
Shares Traded (ml)†	-	613.3	361.3	770.3	677.1	440.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928. Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 18.30

Ordinary Share Index, Hourly changes — Day's High 2054.5 — Day's Low 2038.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2038.6	2041.1	2041.0	2045.1	2050.8	2052.2	2053.9	2048.9	2041.1

FT-SE 100, Hourly changes — Day's High 2630.1 — Day's Low 2605.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2610.6	2615.8	2615.3	2621.6	2628.2	2626.8	2627.4	2623.5	2607.5

FT-SE Eurotrack 200, Hourly changes — Day's High 1217.10 — Day's Low 1211.76

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1213.75	1214.09	1214.84	1216.65	1214.99	1213.50	1213.80

GILT EDGED ACTIVITY

Indices*	Apr 22	Apr 21
Gilt Edged Bargains	99.5	95.2
5–Day average	119.0	133.1

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	142	436		Comm. Union	781	457	+12	Lucas	2,400	140	+3	Shell Transport	1,700	467	-5
ASDA Group	17,000	30		Cookson	4,700	147	+4	MB Caradon	1,400	283	+4	Siebe	1,500	687	+10
Abbey National	6,000	305	+5½	Courtaulds	684	588	+5	MEPC	2,300	339	+15	Slough Ests	179	186	-3
Albert Fisher	5,300	69	-2	Dalgety	1,100	398		Manweb	198	351	-9	Smith (W.H.) A	1,200	479	-3
Allied-Lyons	1,500	634	+8	De La Rue	713	569	+1	Marks & Spencer	4,000	332½	+5	Smith & Nephew	2,200	150½	-1
British Land	578	207	-4	ICI	687	1364	-2	Rolls Royce	1,100	165	-1	Utd. Newspapers	1,200	415	+5
BP	5,300	240½	-4½	Inchcape	739	500	+7	Rothmans	177	1120	+10	Vodafone	3,300	358	+4
British Steel	1,200	78½	+½	Kingfisher	2,400	555	+12	Ryl Bk Scotland	4,800	181	+5	Warburg (SG)	482	578	+1
British Telecom	5,000	340½	+2	Kwik Save	371	592	+2	Royal Insurance	2,800	198	+12	Wellcome	1,700	1027	-47
Br. Telecom New	7,200	122½	+2	Ladbroke	3,200	257	+5	Saatchi	2,600	16¼	-¼	Welsh Water	402	428	-2
Bunzl	4,400	104	+2	Land Securities	1,300	424	+6	Sainsbury	1,800	441	+4	Wessex Water	654	478	+2
Burmah Castrol	485	582	-2	Laporte	330	627	+2	Scottish & New.	1,900	457	+4½	Whitbread 'A'	918	447	
Burton	3,600	45		Legal & General	929	378	+10	Scot. Hydro-Elect.	9,100	103½	+1½	Williams Hldgs.	918	346	+1
Cable & Wire.	3,100	559	+6	Lloyds Abbey	1,400	418	+1	Scottish Power	17,000	98	+1	Willis Corroon	654	260	+6
Cadbury Schweppes	2,300	454	-2	Lloyds Bank	4,000	406	+10½	Sears	3,700	108		Wimpey	660	185	
Calor Group	21	185	-5	LASMO	1,900	207	-6	Sedgwick	204	210	+6	Wolseley	164	460	+7
Carlton Comms.	231	618		London Elect.	759	315	-6	Seeboard	598	317	-13	Yorkshire Elect.	379	358	-5
Coats Viyella	3,300	229	+3	Lonrho	1,300	91	+2	Severn Trent Water	1,100	379	-2	Yorkshire Water	143	434	-1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

DISAPPOINTING money supply figures from Germany led to a fall in stock index futures after an advance early in the session, writes Joel *Kibazo.*

Trading in the June contract on the FT-SE opened at 2,655 and sporadic buying was seen in the early stages of the session before a squeeze developed as independent traders *bid for stock, causing June to* climb to 2,677, the high of the session by midday. News of the German money supply figures sent June into retreat. The poor performance in the gilts and bonds market coupled with a *lacklustre* Wall Street only served to bring out more sellers, although a modest rally was seen in after-hours' trading.

June closed at 2,647 down 2 on the previous session and *about 18 points above its* estimated fair value premium to cash of about 22. Turnover reached 7,354 contracts.

In traded options, volume totalled 39,979 lots, with the FT-SE 100 option recording a *day's total of 13,602 contracts.*

Courtaulds was the busiest stock option. It traded 2,275 lots, with the October 650 calls particularly busy. BT was the second busiest stock option, trading 2,059 contracts, followed by Marks and Spencer with 1,970 lots dealt.

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (223). AMERICANS (4) Amex, A T & T, Chase Manhattan, Citicorp, ... BANKS (1) TSB, BREWERS & DISTILLERS (3) ... BUILDING MATERIALS (8) ... CHEMICALS (6) ... CONGLOMERATES (3) ... CONTRACTING & CONSTRUCTION (11) ... ELECTRICALS (8) ... ELECTRONICS (9) ... ENGINEERING (17) ... FOOD MANUFACTURING (8) ... FOOD RETAILING (6) ... HEALTH & HOUSEHOLD (2) ... HOTELS & LEISURE (4) ... INVESTMENT TRUSTS (68) ... MEDIA (11) ... MOTORS (11) ... NEWSPAPERS ... OTHER FINANCIAL (7) ... OTHER INDUSTRIAL MATERIALS (7) ... PACKAGING, PAPER & PRINTING (8) ... PROPERTY (4) ... STORES (12) ... TEXTILES (7) ... TRANSPORT (5) ... WATER (2) ... NEW LOWS (20). OTHER FIXED INTEREST (1) Ireland 13pc 1997/2002, CANADIANS (2) ... BREWERS & DISTILLERS (1) ... BUSINESS SERVICES (1) ... CONTRACTING & CONSTRUCTION (3) ... ELECTRICALS (3) ... FOOD MANUFACTURING (1) ... HEALTH & HOUSEHOLD (4) ... HOTELS & LEISURE (2) ... INSURANCE COMPOSITE (1) ... MOTORS (1) ... OTHER INDUSTRIAL MATERIALS (1) ... PROPERTY (1) ... TELEPHONE NETWORKS (2) ... TEXTILES (1) ... TRANSPORT (1) ... MINES (1) ...

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section — Thursday April 23 1992: Index No., Day's Change %, Est. Earnings Yield% (Max.), Gross Div. Yield% (Act at 25%), Est. P/E Ratio (Net), xd adj. 1992 to date; Wed Apr 22 Index No.; Tue Apr 21 Index No.; Thu Apr 16 Index No.; Year ago (approx) Index No.

	Index No.	Day's Change %	Est. Earnings Yield%	Gross Div. Yield%	Est. P/E Ratio	xd adj. 1992 to date	Apr 22	Apr 21	Apr 16	Year ago
1 CAPITAL GOODS (179)	870.45	+0.6	7.12	5.34	18.31	10.84	864.89	865.69	863.45	842.48
2 Building Materials (22)	1095.66	+0.8	6.12	5.40	25.10	10.30	1086.78	1088.65	1073.34	1081.05
3 Contracting, Construction (28)	1012.59	+1.4	6.09	5.98	22.54	9.16	998.32	990.65	980.34	1338.47
4 Electricals (6)	2640.38	+1.4	7.01	5.59	18.55	20.97	2604.65	2576.20	2576.14	2322.55
5 Electronics (29)	1890.35	+0.8	9.55	4.50	13.28	3.46	1874.44	1894.36	1881.77	1801.73
...										
99 ALL-SHARE INDEX (657)	1261.24	+0.2	-	4.70	-	14.27	1258.58	1264.49	1268.47	1202.36
FT-SE 100 SHARE INDEX♦	2609.8	+0.1	2630.1	2605.7	2607.8	2625.8	2638.6	2640.2	2600.5	2482.1

FIXED INTEREST

PRICE INDICES	Thu Apr 23	Day's change %	Wed Apr 22	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (27)	121.95	-0.04	122.00	1.58	4.28
2 5-15 years (25)	137.12	-0.05	137.19	1.28	5.45
3 Over 15 years (9)	149.49	+0.03	149.45	2.23	2.78
4 Irredeemables (6)	167.29	+0.02	167.25	4.32	1.50
5 All stocks (67)	135.03	-0.04	135.08	1.62	4.81
Index-Linked					
6 Up to 5 years (2)	169.07	-0.06	169.17	0.25	1.83
7 Over 5 years (9)	146.04	+0.19	145.76	0.63	1.64
8 All stocks (11)	148.08	+0.15	147.86	0.57	1.65
9 Debs & Loans (62)	119.19		119.19	2.55	3.41

AVERAGE GROSS REDEMPTION YIELDS		Thu Apr 23	Wed Apr 22	Year ago (approx.)
British Government				
1 Low	5 years	8.38	8.33	9.19
2 Coupons	15 years	9.06	9.06	9.59
3	20 years	9.06	9.06	9.71
4 Medium	5 years	9.34	9.31	10.26
5 Coupons	15 years	9.10	9.10	10.03
6	20 years	9.07	9.07	9.97
7 High	5 years	9.56	9.53	10.40
8 Coupons	15 years	9.21	9.21	10.22
9	20 years	9.15	9.15	10.15
10 Irredeemables		9.26	9.26	9.99
Index-Linked				
11 Inflation rate 5%	Up to 5 yrs	4.00	3.98	3.79
12 Inflation rate 5%	Over 5 yrs	4.52	4.53	4.11
13 Inflation rate 10%	Up to 5 yrs	3.28	3.26	2.90
14 Inflation rate 10%	Over 5 yrs	4.33	4.34	3.92
15 Debs &	5 years	10.73	10.69	11.87
16 Loans	15 years	10.55	10.54	11.64
17	25 years	10.42	10.42	11.43

♦Opening index 2610.6; 9 am 2615.8; 10 am 2615.3; 11 am 2621.6; Noon 2628.2; 1 pm 2626.8; 2 pm 2627.4; 2.30 pm 2627.9; 3 pm 2623.5; 3.30 pm 2616.7; 4 pm 2607.5. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 13¾pc 1993‡‡		108xd	-⅛		104⅞	12.97	9.69
8½pc 1994			-⅛		98¼	8.82	9.41
14½pc 1994‡‡			-⅛			13.41	9.69
Exch 13½pc 1994		107½xd			105	12.68	9.60
Treas. 10pc Ln. 1994‡‡		101				9.90	9.53
Exch 12½pc 1994						11.78	9.60
Treas 9pc 1994‡‡						9.08	9.47
12pc 1995						11.38	9.56
Exch 3pc Gas 90-95						3.22	6.65
10¼pc 1995						10.04	9.54
Treas 12¾pc 1995‡‡						11.62	9.53
14pc 1996						12.38	9.69
9pc 1992-96‡‡				100		9.06	9.22
15¼pc 1996‡‡						12.98	9.71
Exch 13¼pc 1996‡‡		112xd			108½	11.83	9.66
Conversion 10pc 1996		102¼xd				9.78	9.41
Treas 13¼pc 1997‡‡						11.85	9.59
Exch 10½pc 1997						10.06	9.38
Five to Fifteen Years							
Treas 8¾pc 1997‡‡					94	8.94	9.31
Exch 15pc 1997						12.25	9.72
9¾pc 1998						9.58	9.36
Treas 6¾pc 1995-98‡‡						7.43	8.73
15½pc '98‡‡		127⅞				12.12	9.59
Exch 12pc 1998						10.68	9.47
Treas 9½pc 1999‡‡						9.36	9.21
Exch 12¼pc 1999					109½	10.75	9.49

BRITISH FUNDS – Cont.

	Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 10½pc 1999		106xd				9.91	9.37
Conversion 10¼pc 1999				105½		9.76	9.37
9pc 2000‡‡					94⅝	9.09	9.19
Treas 13pc 2000		119½				10.88	9.56
10pc 2001						9.58	9.27
14pc '98-01						11.71	9.70
9¾pc 2002				104½		9.40	9.22
9¾pc 2002 C						9.77	10.00
10pc 2003			—			9.46	9.22
10pc 2003 B			—			10.01	9.20
Treas 11½pc 2001-04		112¼			107	10.24	9.48
Funding 3½pc '99-04					59½	5.46	8.26
Conversion 9½pc 2004				103½		9.27	9.20
9½pc 2005						9.25	9.18
Treas 12½pc 2003-05						10.17	9.28
8pc 2002-06‡‡			—		85½	8.88	9.17
Over Fifteen Years							
Treas 11¾pc 2003-07						10.05	9.28
8½pc 2007 ‡‡			—			8.94	9.13
8½pc 2007 A			—			8.94	9.13
13½pc '04-08						10.35	9.28
9pc 2008 ‡‡			—			9.04	9.08
8pc 2009						8.81	9.08
Conv 9pc Ln 2011 ‡‡						9.05	9.08
9pc 2011 B			—			9.06	9.08
Treas. 9pc 2012			—			9.04	9.07
Treas 5½pc 2008-12‡‡			—			8.17	9.06
7¾pc 2012-15‡‡			—			8.89	9.11
Exch 12pc '13-'17		127			120¼	9.46	9.14
Undated							
Consols 4pc			—	43		9.38	—
War Loan 3½pc‡‡			—			9.19	—
Conv 3½pc '61 Aft			—	62	59	5.69	—
Treas 3pc '66 Aft			—			9.51	—
Consols 2½pc			—			9.32	—
Treas. 2½pc			—	27		9.38	—

BRITISH FUNDS – Cont.

Index – Linked	Notes	Price £	+or -	1992 high	1992 low	Yield (1)	Yield (2)
Treas. 2pc '94	(102.9)	124xd				2.75	4.06
2pc '96	(67.9)					3.98	4.02
2½pc '01	(78.3)				143	4.13	4.47
2½pc '03	(78.8)					4.23	4.52
2pc '06	(69.5)			144		4.33	4.56
2½pc '09	(78.8)			131½		4.38	4.56
2½pc '11	(74.6)	131½				4.38	4.55
2½pc '13	(89.2)	108				4.35	4.53
2½pc '16	(81.6)					4.34	4.50
2½pc '20	(83.0)					4.33	4.48
2½pc '24‡‡	(97.7)	91				4.38	4.44

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing. (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1991: 134.1 and for March 1992: 136.7.

OTHER FIXED INTEREST

African Dev 11¼ 2010; Asian Dev 10¼pc 2009; B'ham 11½pc 2012; Ireland Cap 8½pc '10; 9pc Cap 1996; 13pc '97-02; Hydro Quebec 15pc 2011; Int-Am Dev 12½pc 2003; 9¾pc 2015; Leeds 13½pc 2006; Liverpool 3½pc Irred; LCC 3pc '20 Aft; Manchester 11½pc 2007; Met. Wtr. 3pc 'B'; N'wde Anglia 3⅞pc 2021; 4¼pc IL 2024; Utd Mex States 16½pc 2008

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Pool purchase price £/MWh	Pool selling price £/MWh
0030		
0100		
...		
2400		

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt hour to two decimal places. To convert prices to pence per kilowatt hour the decimal point should be moved one place to the left. ...

NGC Settlements Limited

AMERICANS

Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap £m	Yld Gr's
Abbott Labs	34xd	-1	38	34	14,459	2.0
♥Allegheny & W	249p	—	335p	226p	123.4	8.8
Amdahl	930p	+34	1159p	815p	1,082	0.6
Amer Cyanamid	34	-	37	32	3,229	2.7
Amer Express	13xd	+	13	10	6,138	4.4
Amer T & T	24 xd	+	24	20	32,877	3.0
Ameritech	35	+	38	32	15,643	3.6
BankAmerica	25 xd	+1	25	16	5,817	2.8
Bankers NY	33 xd	+1	37	28	2,739	6.3
Bell Atlantic	24	—	26	23	9,836	6.0
BellSouth	27	+	29	25	13,384	5.6
♥Bethlehem Steel	8 xd	+	9	7	615.8	—
Bowater	1278pxd	-31	1579p	1078p	488.2	5.3
CPC	48 xd	-1	51	45	3,675	2.8
California Engy	871p	-3	883p	646p	122.2	—
Campbell Soup	19	-	23	19	4,887	2.3
Chase Manhattan	15xd	+1	15	9	2,199	4.6
Chrysler	18 xd	—	18	6	3,105	3.2
Citicorp	17xd	+	11	5	3,888	—
Colgate-Palm	28 xd	+	28	25	4,514	2.1
Cont'l Bank	1036p	+27	1036p	499p	1,046	3.3
Dana	24 xd	-	24	14	1,082	3.7
Data General	618p	+27	1004p	491p	142.8	—
Deal	20 xd	-	24	19	613.9	3.1
Dun & Brad	30	—	33	28	5,487	4.2
Eaton	45	+	45	32	1,562	2.7
Echlin	10 xd	+	11	7	372.4	3.8
FPL	19 xd	-	19	18	3,305	6.9
Fluor	24 xd	+	27	21	1,958	0.9
Ford Motor	24 xd	-	24	15	11,480	3.3
Gen Elect	43 xd	-1	46	40	37,913	2.7
♥General Host	489p	—	555p	360p	—	4.3
Gillette	27 xd	—	29	26	6,013	1.3
Hasbro	14	-	16	12	1,226	0.5
Honeywell	41 xd	-	43	34	2,893	2.2

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
● "Tap Stock."
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application.
◆ Figures or report awaited
▼ Not officially UK listed; dealings permitted under rule 535(4)(a)
+ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Not officially UK listed; dealings permitted under Rule 535(2)
# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
φ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
◆ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
y Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1280 a year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Allied Dunbar Assurance Plc—Contd.

Citibank Life

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Henderson Administration(z)

Lifetime Assurance Co Ltd

NEL Britannia Assce Co Ltd

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

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Providence Capital International Ltd — Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
G'teed Futures1 Sep '98	$0.977	0.977	-0.037	-
G'teed Futures2 Mar '99	$0.873	0.873	-0.028	-
Swiss Franc Mngd	SFr5 413	5 821	+0.067	-
Swiss Franc Money Mkt	SFr1.179	1.268	+0.001	-
DM Deutschmark Managed	DM1.820	1.957	+0.013	-
Broker Managed Funds				
£ GFS Global Port	£0.835	0.898	+0.011	-
£ YRA Worldwide	£0.970	1.044	+0.003	-
$ YRA Dlr W'wide	$1.020	1.097	-0.003	-
Young & Co Bond P'folio	$0.991	1.066	+0.007	-
£ Connaught Cap	£0.939	1.010		-

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 6XF. 071-836 4321

	Bid Price	Offer Price	+ or -	Yield Gross
J.D. Ward Mngd Bond	188 8	204.1	+2.3	-
J.D. Ward Mngd Pen	122.0	131.7	+1.2	-
Albany Life Acc.	191.5	202.5	+1.4	-
Albany Pens Acc.	245.7	258.6	+2.2	-
M&G Tripos Pen Acc.	182 1	191.3	+0.3	-
PGR WWGroth (Pen Acc)	182.4	191.9	.....	-

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Rothschild Asset Management — Contd.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
OCCFL SwFr			[illegible]	30.995	[illegible]	7.60
OCCFL U.S.$			[illegible]	15.244	[illegible]	2.85
OCCFL Yen			[illegible]	3 578.74	[illegible]	3 62
OCCFL Man £	3		[illegible]	10.517	10.842	7.73

Daily Dealings *Weekly dealing

Royal Bank of Canada Funds
RBC Offshore Fund Managers Ltd
PO Box 246, St Peter Port, Guernsey 0481 723021

OFFSHORE INSURANCES

MANAGEMENT SERVICES

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

Asset Global Funds Ltd (1200)

CMI Fund Managers (IoM)

Citibank (CI) Ltd "Citifunds"

EBC Trust Company (Jersey) Ltd

Commercial Union Luxembourg SA (u)

Lloyds Bank Luxembourg

Espirito Santo Investment Mgmt (SICAV)

Eurocc Management S.A.

Europe Plus Investissement (SICAV) (u)

Europe Value Fund (u)

EurOptec (u)

Fidelity Intl Inv Mgmt (Luxembourg) SA

Alliance Capital

Asian Convertibles & Income Fd (Cayman)

Austro-Hungary Fund Ltd

BEA Associates

Global Asset Management – Contd.

Orbis Investment Management Ltd

Orbitex Bahamas Ltd

ORIENT Growth Fd

PFC Internatl Portfolio Fd Mngt Ltd

Xiphias International Investment Fd Ltd

Xiphias Int USD	$1 0756	–	–
Xiphias Int ECU	Ecu1 0670	–	–

Yamaichi Capital Mngmt (Guernsey) Ltd

Thai Inv Fund	$10.74	–0.22	–

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. ‡ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark gains on M3 figures

The announcement of German Money supply figures for March, which one market analyst described as "horrendous", dashed any thoughts of German interest rate cuts on the foreign exchange yesterday, *writes James Blitz.*

The 9.7 per cent jump in Germany's annual March M3 growth dwarfed forecasts of an 8.0 per cent increase, and encouraged investors back into buying D-Marks yesterday. Many wondered if the next move in German rates might be upward.

"This is an astounding jump in lending," was the comment of one analyst on the figures. "It delays a cut in interest rates there, because money supply is a key concern of the Bundesbank."

As a result, most of the action in the markets yesterday focused on dollar/D-Mark trading after Wednesday's heavy buying of sterling. The D-Mark ended the day a touch higher against the dollar in European trading, ending at DM1.6605. Its previous close had been DM1.6635.

In this situation, a favourable set of US weekly jobless and durable goods data offered little comfort to dollar holders. Although these figures looked agreeable to the market, and pushed the dollar up a little at the close, they were not enough to boost the American currency significantly.

According to one market analyst, investors are waiting for a batch of important economic figures from the US before revising their view on the dollar. The US statistics, which are due next week, include real GDP for the first quarter of this year and home sales.

The only comfort for dollar holders was in trading against the yen, with the dollar ending in London at Y134.45 after a previous day's close of Y134.15. However, traders said the gains were mostly a by-product of yen selling for marks.

The D-Mark also gained against other European currencies. The mark recovered a small part of recent losses against the French Franc and sterling. It ended at DM3.3787 Francs from DM3.773 the previous night. The Italian Lira, beset by doubt over who will form Italy's new government, gave up more ground. It closed at 752.55 against the Mark from 750.90 the previous night.

By contrast with its popularity on Wednesday, sterling mostly consolidated its position yesterday. The pound again ended third from the bottom of the ERM, while finishing slightly higher against the dollar, to $1.7669, from $1.76485.

Against the the D-mark, the pound ended around half a pfennig lower at DM2.9277 from 2.9331.

"The pound is still the most wanted currency, though the authorities need to wait for more strength, before thinking about a cut in UK base rates," a bank dealer said.

£ IN NEW YORK

Apr 23	Latest	Previous Close
£ Spot	1.7650-1.7660	1.7620-1.7630
1 month	0.97-0.95pm	1.02-1.00pm
3 months	2.78-2.75pm	2.74-2.71pm
12 months	8.95-8.85pm	8.85-8.75pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.23	Previous
8.30 am	92.2	92.0
9.00 am	92.2	92.1
10.00 am	92.2	92.2
11.00 am	92.2	92.1
Noon	92.2	92.1
1.00 pm	92.2	92.1
2.00 pm	92.2	92.1
3.00 pm	92.2	92.2
4.00 pm	92.2	92.2

CURRENCY MOVEMENTS

Apr 23	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.2	−19.4
U.S Dollar	65.1	−13.7
Canadian Dollar	101.5	+0.4
Austrian Schilling	110.0	+12.3
Belgian Franc	111.3	−2.0
Danish Krone	108.8	+3.0
D-Mark	118.3	+24.7
Swiss Franc	103.4	+11.5
Dutch Guilder	114.2	+15.4
French Franc	103.8	−12.4
Lira	98.5	−20.0
Yen	137.6	+71.0
Peseta	107.6	−18.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr.22

CURRENCY RATES

Apr 23	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.776616	0.700310
U.S Dollar	3.50	1.36568	1.23290
Canadian $	7.49	1.61983	1.46172
Austrian Sch	7.50	16.0181	14.4434
Belgian Franc	8.50	46.8326	42.2236
Danish Krone	9.50	8.80964	7.94293
[illegible]	[illegible]	[illegible]	[illegible]

‡ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Apr.22

OTHER CURRENCIES

Apr 23	£	$
[illegible]	[illegible]	[illegible]
Hong Kong	13.6465 - 13.6585	7.7370 - 7.7390
Iran	2520.00*	1440.00*
Korea(Sth)	1364.70 - 1386.70	775.50 - 784.70
Kuwait	0.52050 - 0.52150	0.29530 - 0.29560
Luxembourg	60.25 - 60.35	34.15 - 34.25
Malaysia	4.4675 - 4.4770	2.5365 - 2.5385
Mexico	5324.25 - 5336.10	3082.50 - 3084.50
N.Zealand	3.3105 - 3.3150	1.8770 - 1.8795
Saudi Ar	6.5655 - 6.6425	3.7495 - 3.7505
Singapore	2.9240 - 2.9310	1.6595 - 1.6615
S.Af (Cm)	5.0790 - 5.0910	2.8855 - 2.8870
S.Af (Fn)	5.9585 - 6.0610	3.3785 - 3.4365
Taiwan	44.45 - 44.60	25.20 - 25.30
U.A.E.	6.4290 - 6.5060	3.6715 - 3.6735

*Floating rate. Iran Official rate £116.90 $67.30

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 23	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.732	−3.67	5.14	63
Portuguese Escudo	178.735	174.208	−2.53	3.92	41
Belgian Franc	42.4032	42.2236	−0.42	1.72	24
Dutch Guilder	2.31643	2.30983	−0.28	1.58	17
D-Mark	2.05586	2.05216	−0.18	1.47	16
Irish Punt	0.767417	0.768974	0.20	1.08	−6
Italian Lira	1538.24	1543.40	0.34	0.95	−13
Sterling	0.696904	0.700310	0.49	0.80	−11
French Franc	6.89509	6.93196	0.53	0.75	−26
Danish Krone	7.84195	7.94293	1.29	0.00	−56

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Apr 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7565 - 1.7655	1.7645 - 1.7655	0.96-0.94cpm	6.46	2.78-2.75pm	6.27
Canada	2.0875 - 2.0955	2.0940 - 2.0950	0.73-0.64cpm	3.92	2.00-1.88pm	3.70
Netherlands	3.2925 - 3.3065	3.2925 - 3.3025	¾-¼cpm	0.91	¾-½pm	0.76
Belgium	60.20 - 60.45	60.25 - 60.35	7-2cpm	0.90	15-10pm	0.83
Denmark	11.3325 - 11.3500	11.3400 - 11.3500	¾-parorepm	0.40	1⅜-parpm	0.24
Ireland	1.0975 - 1.1000	1.0975 - 1.0985	0.03-parcpm	0.16	0.06-0.01pm	0.13
Germany	2.9260 - 2.9340	2.9275 - 2.9325	¼-⅛pfpm	0.77	½-¼pm	0.51
Portugal	248.25 - 249.75	248.55 - 249.55	72-110cdis	−4.38	128-192dis	−2.57
Spain	183.55 - 184.00	183.70 - 183.80	22-31cdis	−1.73	81-96dis	−1.93
Italy	2201.45 - 2206.40	2205.00 - 2206.00	2-3liredis	−1.36	8-10dis	−1.63
Norway	11.4470 - 11.4690	11.4550 - 11.4650	½-parorepm	0.26	1-¼pm	0.20
France	9.8875 - 9.9105	9.8875 - 9.8975	⅝-⅛cpm	0.61	⅞-½pm	0.28
Sweden	10.5725 - 10.5880	10.5750 - 10.5850	¾-1¼oredis	−1.13	2¼-2⅞dis	−1.06
Japan	236.55 - 237.75	236.75 - 237.75	1⅛-1ypm	5.37	3½-3¼pm	5.58
Austria	20.60 - 20.68	20.64 - 20.67	2¼-1⅛gropm	0.98	5⅞-2⅞pm	0.85
Switzerland	2.7120 - 2.7275	2.7175 - 2.7275	½-⅛cpm	1.65	1⅛-⅞pm	1.47
Ecu	1.4270 - 1.4295	1.4270 - 1.4280	0.09-0.04cpm	0.55	0.15-0.09pm	0.34

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.19-5.14pm . 12 Month 8.88-8.78pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7565 - 1.7655	1.7645 - 1.7655	0.96-0.94cpm	6.46	2.78-2.75pm	6.27
Ireland†	1.6000 - 1.6080	1.6055 - 1.6065	0.84-0.81cpm	6.16	2.46-2.39pm	6.04
Canada	1.1830 - 1.1865	1.1855 - 1.1865	0.23-0.26cdis	−2.48	0.75-0.79dis	−2.60
Netherlands	1.8675 - 1.8775	1.8685 - 1.8695	0.84-0.87cdis	−5.49	2.52-2.55dis	−5.43
Belgium	34.15 - 34.30	34.15 - 34.25	15.00-16.00cdis	−5.44	44.00-47.00dis	−5.32
Denmark	6.4225 - 6.4525	6.4250 - 6.4300	3.10-3.40oredis	−6.07	9.35-9.95dis	−6.01
Germany	1.6580 - 1.6685	1.6600 - 1.6610	0.79-0.80pfdis	−5.75	2.34-2.36dis	−5.66
Portugal	141.20 - 141.60	141.50 - 141.60	115-125cdis	−10.17	220-240dis	−6.50
Spain	104.05 - 104.60	104.20 - 104.30	70-80cdis	−8.63	210-220dis	−8.25
Italy	1247.50 - 1254.50	1249.25 - 1249.75	8.10-8.60liredis	−8.02	24.30-25.30dis	−7.94
Norway	6.4875 - 6.5220	6.4900 - 6.4950	3.20-3.50oredis	−6.19	9.65-10.15dis	−6.10
France	5.6025 - 5.6340	5.6025 - 5.6075	2.77-2.82cdis	−5.98	8.30-8.40dis	−5.96
Sweden	5.9880 - 6.0220	5.9925 - 5.9975	3.70-3.75oredis	−7.46	11.15-11.60dis	−7.59
Japan	134.00 - 134.50	134.40 - 134.50	0.07-0.08ydis	−0.67	0.16-0.17dis	−0.49
Austria	11.6770 - 11.7250	11.6950 - 11.7000	5.10-5.45grodis	−5.41	15.40-16.40dis	−5.44
Switzerland	1.5365 - 1.5470	1.5415 - 1.5425	0.61-0.64cdis	−4.86	2.52-2.55dis	−6.58
Ecu	1.2295 - 1.2360	1.2345 - 1.2355	0.61-0.59cpm	5.83	1.84-1.78pm	5.86

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Apr 23	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10⅜ - 10½	10⅝ - 10½	10⅝ - 10½	10⅝ - 10½	10½ - 10⅜	10⅜ - 10¼
US Dollar	3⅞ - 3¾	4⅛ - 3⅞	4¼ - 4	4⅜ - 4¼	4⅝ - 4½	4⅞ - 4¾
Can. Dollar	6¾ - 6½	6¾ - 6⅝	6⅞ - 6⅝	6⅞ - 6¾	7 - 6⅞	7⅛ - 6⅞
Dutch Guilder	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝
Swiss Franc	9 - 8⅞	9 - 8⅞	8⅞ - 8¾	8⅞ - 8¾	8¾ - 8⅝	8⅝ - 8½
D-Mark	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾
French Franc	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10 - 9⅞
Italian Lira	12 - 10	12¼ - 11¾	12¼ - 11¾	12¼ - 11¾	12¼ - 11¾	12½ - 12
Belgian Franc	9¾ - 9½	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝
Yen	4⅞ - 4¾	4⅞ - 4¾	4⅞ - 4¾	4⅞ - 4⅞	4⅞ - 4⅝	4⅞ - 4⅝
Danish Krone	10¼ - 10	10¼ - 10	10¼ - 10	10¼ - 10	10¼ - 10	10¼ - 10
Asian $Sing	2⅞ - 2⅞	2⅞ - 2¾	3¼ - 3	3⅜ - 3¼	3½ - 3⅜	3⅞ - 3⅝
Spanish Peseta	12½ - 11½	12½ - 11½	12⅝ - 12¼	12⅝ - 12¼	12⅝ - 12¼	12⅝ - 12¼

Long term Eurodollars: two years 5⅜-5⅛ per cent; three years 6½-6⅜ per cent; four years 7-6⅞ per cent; five years 7⅛-7⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr.23	£	$	DM	Yen	F Fr.	S Fr.	N FL	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.765	2.930	237.3	9.893	2.723	3.298	2206.	2.095	60.30	183.8	1.428
$	0.567	1	1.660	134.4	5.605	1.543	1.869	1250	1.187	34.16	104.1	0.809
DM	0.341	0.602	1	80.99	3.376	0.929	1.126	752.9	0.715	20.58	62.73	0.487
YEN	4.214	7.438	12.35	1000.	41.69	11.47	13.90	9296	8.828	254.1	774.5	6.018
F Fr.	1.011	1.784	2.962	239.9	10.	2.752	3.334	2230	2.118	60.95	185.8	1.443
S Fr.	0.367	0.648	1.076	87.15	3.633	1	1.211	810.1	0.769	22.14	67.50	0.524
N FL	0.303	0.535	0.888	71.95	3.000	0.826	1	668.9	0.635	18.28	55.73	0.433
Lira	0.453	0.800	1.328	107.6	4.485	1.234	1.495	1000.	0.950	27.33	83.32	0.647
C$	0.477	0.842	1.399	113.3	4.722	1.300	1.574	1053	1	28.78	87.73	0.682
B Fr.	1.658	2.927	4.859	393.5	16.41	4.516	5.469	3658	3.474	100.	304.8	2.368
Pta	0.544	0.960	1.594	129.1	5.382	1.482	1.794	1200	1.140	32.81	100.	0.777
Ecu	0.700	1.236	2.052	166.2	6.928	1.907	2.310	1545	1.467	42.23	128.7	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

MONEY MARKETS

Interbank rates up

The announcement of Germany's higher-than-expected money supply figures dampened expectations of a cut in interest rates on the UK money markets, causing rates to rise marginally.

Interbank rates ended the day a touch higher. The three month rate, a key indicator of future base rate movements, stood at 10⅝-7/16 per cent after ending yesterday at 10½-7/16 per cent.

Short sterling futures also ended a fraction lower, implying expectations of higher interest rates. The June Short sterling contract finished at 89.63 after opening at 89.80. Yesterday's closing figure indicates an implied interest rate of 10.37 per cent.

In the Discount market, attention focused upon the overnight rate after the Bank of England again forecast a liquidity shortage of around £1.15bn. In the morning, the rate touched 11 per cent and subsequently stuck to around 10¾ - ⅝ per cent, as the market spurned the Bank's help at that stage.

In later trading, however, the market mounted a concerted effort to dispose of the shortage. The Bank purchased bills totalling £1.107bn, of which £707m were outright Band-1 bank bills at 10⅜ per cent and £400m for resale to the market in equal amounts on 11 and 12 May at an interest rate of 10 7/16 per cent. In the afternoon session, the Bank purchased a further £40m of Band-1 bank bills at 10⅜ per cent.

Trading in the discount market remained quiet, however. Few operators believe that the Bank of England wants to ease interest rates, despite sterling's gains on foreign exchange markets this week. "The Treasury and the Bank of England would like to see further gains in the sterling exchange rate before they signal a cut," said one market analyst yesterday.

German call money was quoted slightly below Thursday's levels, with sufficient funds in the market to allow rates to ease away from the 9.75 per cent Lombard rate.

Overnight funds changed hands at 9.60/70 per cent, with most trading place at 9.65 per cent. The market quietened after worries that liquidity would be in short supply after the Bundesbank had drained DM1.9bn from the market in this week's securities repurchase tender.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.23) 3 months US dollars		6 months US Dollars	
bid 4	offer 4⅛	bid 4⅛	offer 4¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6½	One month	3.54	Three year	5.97
Broker loan rate	6	Two month	3.70	Five year	6.91
Fed funds	3⅝	Three month	3.77	Seven year	7.26
Fed.funds at intervention	-	Six month	3.98	10-year	7.60
		One year	4.34	30-year	8.08
		Two year	5.49		

Apr.23	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.60-9.70	9.60-9.70	9.60-9.70	9.60-9.70	9.55-9.70	9.75
Paris	9⅞-10	9⅞-10	9⅞-10	9⅞-10	9⅞-10	9.60
Zurich	7⅞-8⅛	8⅝-8⅞	-	8⅝-8⅞	-	-
Amsterdam	-	-	-	-	-	-
Tokyo	4⅞-4⅞	4⅞-4⅞	-	4⅞-4⅞	-	-
Milan	12¼-12½	12½-12¾	-	12⅝-12¾	-	-
Brussels	9¼-9⅜	9⅞-9⅞	-	9½-9⅝	-	-
Dublin	10¼-10¼	10⅞-10⅛	10⅜-10½	10⅜-10½	10⅜-10⅛	-

LONDON MONEY RATES

Apr 23	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10⅞	10¾	10⅝	10⅝	10⅞	10⅜
Interbank Bid	7	10¼	10½	10⅞	10⅜	10⅜
Sterling CDs	-	-	10½	10½	10⅜	10⅜
Local Authority Deps.	10½	10½	10½	10⅜	10¼	10¼
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10½	10⅜	-	-	-	-
Company Deposits	-	-	10⅝	10½	10⅜	10⅜
Finance House Deposits	-	-	10½	10⅞	10⅞	10¼
Treasury Bills (Buy)	-	-	10¼	9⅞	9⅞	-
Bank Bills (Buy)	-	-	10¼	9⅞	9⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.02	4.12	4.25	4.77
SDR Linked Dep. Offer	-	-	6½	6⅞	6⅞	6¾
SDR Linked Dep. Bid	-	-	6⅜	6⅞	6⅞	6⅝
ECU Linked Dep. Offer	-	-	9⅞	10⅛	10⅛	10⅛
ECU Linked Dep. Bid	-	-	9⅞	9⅞	10	10

Treasury Bills (sell); one-month 10⅛ per cent; three months 9⅞ per cent; six months 9⅞ per cent; Bank Bills (sell); one-month 10⅛ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.7461 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31, 1992. Agreed rates for period Apr 26, 1992 to May 25, 1992, Scheme I: 11.77 p.c., Schemes II & III: 11.84 p.c. Reference rate for period Feb 29, 1992 to March 31, 1992, Scheme IV&V: 10.643 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from April 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS · LIFFE US TREASURY BOND FUTURES OPTIONS · LIFFE BUND FUTURES OPTIONS · LIFFE EUROMARK OPTIONS · LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS · LIFFE SHORT STERLING OPTIONS

[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT · US TREASURY BONDS · 6% NOTIONAL GERMAN GOVT. BOND · 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND · 9% NOTIONAL ECU BOND · 12% NOTIONAL ITALIAN GOVT. BOND (BTP) · THREE MONTH STERLING · THREE MONTH EURODOLLAR · THREE MONTH EUROMARK · THREE MONTH ECU · THREE MONTH EURO SWISS FRANC · FT-SE 100 INDEX · FT-SE EUROTRACK 100 INDEX

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) · U.S. TREASURY BILLS (IMM) · STANDARD & POORS 500 INDEX · JAPANESE YEN (IMM) · DEUTSCHE MARK (IMM) · THREE-MONTH EURODOLLAR (IMM) · BRITISH POUND (IMM) · SWISS FRANC (IMM) · PHILADELPHIA SE £/$ OPTIONS

[illegible]

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES · THREE-MONTH PIBOR FUTURES (MATIF) · CAC-40 FUTURES (MATIF) · ECU BOND (MATIF)

[illegible]

Estimated volume 4,618 Total Open Interest 15,239

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
106	-	-	-	0.05	0.31	0.56
107	0.92	-	1.94	0.17	0.57	-
108	0.31	0.98	1.39	0.56	0.99	1.26
109	0.08	0.58	0.96	-	-	-
110	0.02	0.30	0.64	-	-	-
111	-	0.15	0.40	-	-	-
Open Int	123,927	38,121	7,165	96,459	23,699	8,673

Estimated volume 37,216 Total Open Interest 298,044

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7650	1.7555	1.7373	1.7133	1.6767

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Lawrie	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Equatorial Bank plc	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Exeter Bank Limited	11	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Financial & Gen. Bank	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	First National Bank Plc.	14	Provincial Bank PLC	14
Bank of Cyprus	10.5	● Robert Fleming & Co.	10.5	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	Robert Fraser & Ptnrs.	11	Royal Bk of Scotland	10.5
Bank of India	10.5	Girobank	10.5	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	● Guinness Mahon	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Hambros Bank	10.5	TSB	10.5
Barclays Bank	10.5	Hampshire Trust Plc	13.5	Unibank plc	10.5
Beneficial Bank	11	Heritable & Gen Inv Bnk.	10.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	● Hill Samuel	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	C. Hoare & Co.	10.5	Western Trust	10.5
CL Bank Nederland	10.5	Hongkong & Shanghai	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Julian Hodge Bank	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	● Leopold Joseph & Sons	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	Lloyds Bank	10.5	● Members of British Merchant Banking & Securities Houses Association.	
Co-operative Bank	10.5	Meghraj Bank Ltd	10.5		
Coutts & Co	10.5				

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

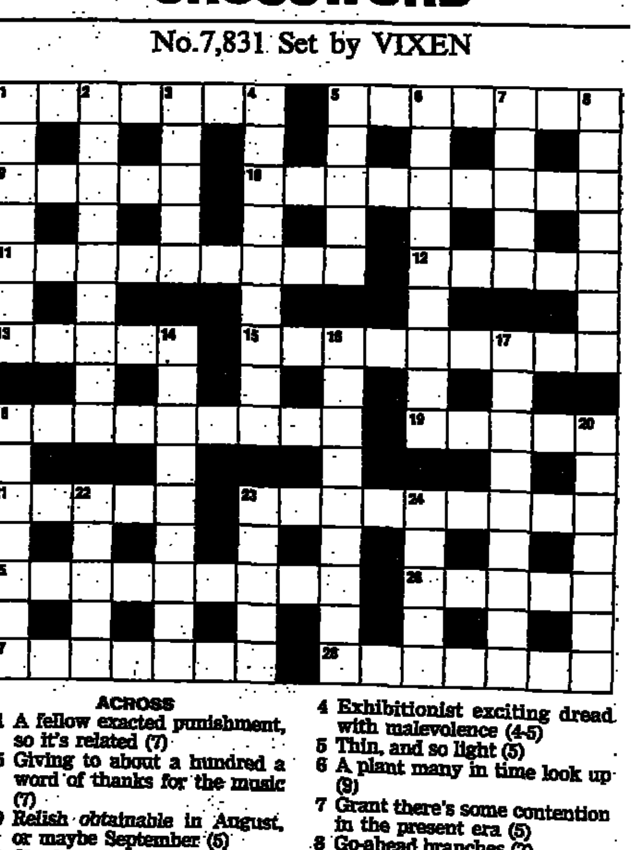
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,831 Set by VIXEN



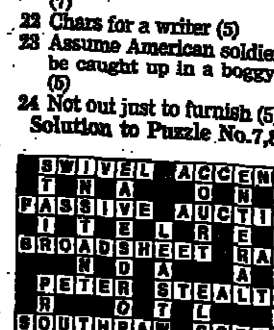
ACROSS

1 A fellow exacted punishment, so it's related (7)
5 Giving to about a hundred a word of thanks for the music (7)
9 Relish obtainable in August, or maybe September (5)
10 Having to do with jailed social worker being ashamed (9)
11 A person looking for some conversation (3-6)
12 Relieve back for example (spine) (5)
13 Order form (5)
15 Honours even maniacal counts (9)
18 Irregular, irregular, endlessly irregular cash-holding (9)
19 Article concerning a name for a girl (5)
21 An artist, tender but frenetic (5)
23 Find a shoe badly made (9)
25 Fixing up a telephone, phoned in (9)
26 The mother set about some soldiers – fancy! (5)
27 Oriental or English back (7)
28 Giving trusted leader grounds for treachery (7)

DOWN

1 Nice lag – awfully well-behaved (7)
2 Scale for railway construction workers (4-5)
3 Bond readily turned up, given direction (5)
4 Exhibitionist exciting dread with malevolence (4-5)
5 Thin, and so light (5)
6 A plant many in time look up (9)
7 Grant there's some contention in the present era (5)
8 Go-ahead branches (7)
14 The clamour is centred out here (9)
16 Personal complaint may be made by listeners in the dark (4,5)
17 Totally without point, naturally (9)
18 Refuse to deposit luggage in the French station (7)
20 Stomach upset – bad omen (7)
22 Chars for a writer (5)
23 Assume American soldier will be caught up in a boggy area (5)
24 Not out just to furnish (5)

Solution to Puzzle No.7,830



WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Apr 22	Apr 21	Apr 20	Apr 16	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3338.77	3343.25	3336.31	3366.50	3366.50 (15/4)	3172.41 (2/1)	3366.50 (16/4/92)	41.22 (2/7/32)
Home Bonds	98.98	99.17	99.01	99.43	99.81 (6/2)	98.41 (20/3)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1343.61	1354.82	1371.64	1356.86	1467.68 (20/2)	1301.57 (8/4)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	207.81	208.12	208.63	210.13	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3366.73 (3366.50☆) Low 3309.48 (3305.68☆)

STANDARD AND POOR'S	Apr 22	Apr 21	Apr 20	Apr 16	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	409.81	410.26	410.16	416.04	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	485.36	487.23	487.56	495.44	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.79	34.22	33.93	34.33	35.14 (15/1)	32.40 (8/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	225.42	225.70	225.77	228.90	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	386.35	386.73	387.08	392.64	418.99 (12/2)	380.90 (8/4)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	578.23	575.05	577.20	591.81	644.92 (12/2)	573.68 (8/4)	644.92 (12/2/92)	54.87 (31/10/72)

	Apr 10	Apr 3	Mar 27	year ago (approx.)
Dow Industrial Div. Yield	2.85	2.85	2.96	3.45

	Apr 15	Apr 8	Apr 1	year ago (approx.)
S & P Industrial div. yield	2.57	2.70	2.64	2.69
S & P Indl. P/E ratio	29.46	27.95	28.56	19.07

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Citicorp	7,680,700	19⅛	+ 1⅛
Chase Man	5,335,800	26½	+ 1⅞
RJR Nabisco	4,434,400	9½	—
BankAmerica	4,382,700	47	+ 2
Chemical Bank	3,274,700	36	+ 1⅛
Glaxo	2,502,000	26¾	- ½
Gulf St	2,371,800	13¼	+ ⅝
Telefonos	2,371,600	59¼	+ ¾
Bristol Myers	2,302,000	72¼	- 1⅜
Am T & T	2,112,100	43¼	+ ½

TRADING ACTIVITY

† Volume (Millions)	Apr 22	Apr 21	Apr 20
New York SE	218.790	214.400	191.910
Amex	12.731	12.993	11.147
NASDAQ	198.899	201.776	178.051
NYSE			
Issues Traded	2,237	2,229	2,230
Rises	836	775	474
Falls	873	929	1,268
Unchanged	528	525	488
New Highs	77	50	46
New Lows	31	31	28

CANADA

TORONTO	Apr 22	Apr 21	Apr 20	Apr 16	1992 HIGH	1992 LOW
Metals & Minerals	2989.13	2965.84	2958.11	2953.02	3238.87 (16/1)	2828.26 (8/4)
Composite	3367.75	3380.73	3398.80	3415.09	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1768.15	1778.23	1790.64	1800.72	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common—50, Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ☆-Correction.

	Apr 23	Apr 22	Apr 21	Apr 20	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1607.8	1599.0	1588.0	(c)	1675.60 (15/1)	1545.30 (9/4)
All Mining (1/1/80)	690.2	694.7	695.4	(c)	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	416.83	417.32	416.21	(c)	458.57 (24/2)	372.24 (2/1)
Traded Index (2/1/91)	991.06	995.15	991.41	(c)	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1205.43	1199.19	1195.43	(c)	1234.72 (3/3)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	333.93	334.44	334.66	(c)	365.29 (15/1)	326.35 (9/4)
FINLAND						
HEX General (28/12/90)	818.9	812.9	804.1	(c)	935.90 (24/2)	778.30 (9/4)
FRANCE						
CAC General (31/12/82)	538.16	536.39	533.60	(c)	538.64 (16/4)	475.53 (2/1)
CAC 40 (31/12/87)	1978.14	1983.68	1980.36	(c)	1993.88 (10/3)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	714.57	713.88	711.48	(c)	715.44 (3/3)	643.26 (8/1)
Commerzbank (1/12/53)	2014.7	2013.2	2006.00	(c)	2026.70 (3/3)	1613.80 (8/1)
DAX (30/12/87)	1752.44	1753.30	1746.50	(c)	1764.80 (5/3)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	5287.78	5189.03	5093.09	(c)	5287.78 (23/4)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1423.30	1422.76	1413.98	(c)	1469.57 (17/1)	1346.61 (3/4)
ITALY						
Banca Com. Ital. (1972)	510.14	507.15	506.33	(c)	551.59 (6/2)	496.23 (9/4)
MIB General (2/1/92)	1005.0	999.0	998.0	(c)	1086.00 (5/2)	977.00 (30/3)
JAPAN						
Nikkei (16/5/49)	17402.05	16839.12	16787.33	17071.36	23801.18 (6/1)	16598.15 (9/4)
Tokyo SE (Topix) (4/1/68)	1315.03	1283.03	1280.20	1292.69	1763.43 (6/1)	1196.19 (9/4)
2nd Section (4/1/68)	1921.37	1929.75	1946.44	1966.37	2459.85 (6/1)	1910.56 (9/4)
MALAYSIA						
KLSE Composite (4/4/86)	582.9	573.95	572.57	572.46	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	300.1	300.2	299.4	(c)	300.20 (22/4)	274.00 (8/1)
CBS All Shr (End 1983)	210.3	210.5	209.9	(c)	210.50 (22/4)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	705.21	705.70	713.12	(c)	748.03 (17/1)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1178.30	1164.39	1171.54	1176.22	1303.30 (17/1)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	381.85	381.44	381.4	382.70	416.99 (31/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1023.04	1023.0	1019.0	(c)	1327.00 (21/1)	1018.00 (21/4)
JSE Industrial (28/9/78)	4219.04	4192.0	4174.0	(c)	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	582.87	584.22	588.51	587.81	691.48 (8/2)	569.65 (10/4)
SPAIN						
Madrid SE (30/12/85)	249.59	251.41	252.84	253.43	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	984.2	980.00	982.60	(c)	1009.70 (20/3)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	841.6	833.3	828.0	(c)	841.60 (23/4)	748.50 (8/1)
SBC General (1/4/87)	657.3	654.4	650.8	(c)	657.30 (23/4)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4470.31	4505.07	4556.09	4547.74	5391.63 (30/1)	4405.44 (13/4)
THAILAND						
Bangkok SET (30/4/75)	797.67	786.93	785.09	808.84	832.39 (7/4)	711.81 (3/1)
WORLD						
M.S. Capital Intl (1/1/70) ($)	489.0*	486.1	485.4	486.3	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	943.24	943.60	943.09	(c)	944.06 (15/4)	870.31 (2/1)

**Saturday April 18: Taiwan Weighted Price 4537.81. Korea Comp Ex. 587.79.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 23 April 1992

	Stocks Traded	Closing Prices	Change on day
TEAC	10.6m	1,090	+60
Morinaga Milk	8.9m	784	+13
Meiji Milk	8.0m	815	+68
Toshiba	7.0m	640	+27
Hitachi	5.9m	835	+10
Nippon Steel	4.5m	300	+5
Matsushita	3.2m	485	+16
Mitsubishi Elec	3.2m	1,310	+40
Nomura Secs	3.0m	1,310	+40
Sharp	2.8m	1,360	+20

3:00 pm prices April 23

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15 3/4	12 1/4	AAR Corp	0.48	3.5	16	83	13 7/8	13 5/8	13 3/4	
26	20 5/8	A L Labs A	0.18	0.8	109	109	23 1/4	23	23	+1/8
68 7/8	56	AMP Inc	1.52	2.5	24	2163	59 5/8	58 3/4	59 5/8	+1
80 1/4	64 1/4	AMR				3877707	67 5/8	65 5/8	67 1/2	+1 3/4
2 1/8	1 1/2	ARX			2	132	2	1 7/8	1 7/8	-1/8
53 1/2	41	ASA	2.00	4.8	12	198	42 1/4	41 7/8	42	-1/8
68 3/4	58 3/8	Abbott Lab x	1.20	1.9	23	6657	63 7/8	61 3/4	62 1/2	-7/8
13 7/8	12	Abitibi Pr x	0.43	3.5	6	6	12 1/4	12 1/4	12 1/4	
11 5/8	10 1/8	ACM Gvt In	0.98	9.2		586	10 1/2	10 3/8	10 3/8	
10 5/8	9 1/8	ACM GvOpp	0.80	8.5		35	9 3/8	9 3/8	9 3/8	
9 1/2	8 1/2	ACM Gvt Sp	0.80	9.1		189	8 3/4	8 5/8	8 3/4	
11 1/4	10 3/8	ACM Gvt Se i	0.98	9.2		287	10 5/8	10 1/4	10 5/8	
9 7/8	8 5/8	ACM Man	0.95	10.4		94	9 1/4	9 1/8	9 1/8	
12 7/8	10 5/8	ACM Managd	1.08	9.8		137	11	10 3/4	11	
11 3/4	7	Acme Cleve	0.40	4.4	17	111	9 1/8	9	9	
6 1/4	4 1/2	Acme Elect			4	10	5 5/8	5 5/8	5 5/8	+1/8
33 1/4	18 7/8	Acuson			12	1339	20 1/2	19 7/8	19 7/8	-1/2
19 1/2	18 1/8	Adams Expr	0.48	2.6	0	69	18 5/8	18 1/2	18 5/8	+1/8
15 1/2	13	Adobe12PI	2.40	16.8		21	14 1/4	14 1/4	14 1/4	
5 3/4	4 1/2	Adobe Res			2	656	4 3/4	4 5/8	4 5/8	-1/4
49 1/8	40	Ad Micro	3.00	7.6		615	40 5/8	d39	39 3/8	-1 1/4
21 1/2	16	Ad Micro P	3.00	19.8	8	12349	16 1/8	d14 7/8	15 1/8	-7/8
9 1/8	5	Advest Grp	0.16	2.5	64	65	6 1/4	6 1/2	6 1/2	-1/4
71 3/4	67 1/8	Aegon ADR	1.60	2.2	6	7	69 1/4	68 3/4	68 3/4	
47	39	Aetna Li x	2.76	6.3	9	1278	43 3/4	43 3/8	43 5/8	-1/8
12	8 3/4	Afil A	0.24	2.2	11	206	10 3/4	10 1/2	10 5/8	+1/8
32 7/8	24	Aflac	0.40	1.5	14	1105	26 1/2	25 1/4	26	+5/8
19 3/4	16 1/8	Ahmanson	0.88	5.1	8	1766	17 1/4	16 7/8	17 1/8	
22 1/2	12 1/2	Aileen Inc			11	287	13 3/4	12 3/4	13 1/4	+1/2

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

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1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Prev. Chg
16½	12⅛	Wyle Labor x	0.28	1.8	15	238	15⅛	16	15⅛	+⅛
20¾	16⅛	Wynns Int	0.60	3.0	19	10	19⅞	19⅞	19⅝	

- X - Y - Z -

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Prev. Chg
82¼	86½	Xerox	3.00	3.9	19	1749	78¼	74¾	78¼	+1⅜
63½	50½	Xerox4.125				4	62	52	52¾	+¼
28½	24⅞	Xtra 1.94	1.94	7.1		20	28¾	28¾	27¼	+½
37	28½	Xtra Corp	0.80	2.3	14	21	34⅜	34⅛	34⅛	-⅛
27	25¼	Yankee Egy	1.60	6.2	12	8	26⅛	26	26	-¼
1½	½	Zapata			28	688	1⅛	1⅛	1⅛	
11⅛	7⅛	ZenithElec			4	332	7⅜	7¼	7⅜	+⅛
17¼	14½	Zenith Nat	1.00	6.2	7	187	16¾	16	16	-⅛
6⅞	6	Zenix Inc x	0.85	12.3		187	u6⅞	6¾	6⅞	+⅛
13¼	11⅛	Zero Corp	0.40	3.3	18	20	12	11¾	12	
38	32⅛	Zurn Ind	0.88	2.6	15	285	34½	33¾	33¾	-⅞
14⅛	12¾	Zweig Fund	1.16	8.9		288	13	12⅞	13	
11	9⅞	Zweig Tod	1.00	9.6		577	10⅝	10⅜	10½	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices April 23

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Olsten	0.24	34	82	32½	32¼	32¼	-¼
OMI Corp	0.14	7	78	6¾	6½	6⅝	
Pall Corp x	0.36	26	942	26⅝	25¾	26½	+½
Pegasus G	0.10	31	196	11⅞	d11½	11⅝	
Perini			44	39	12¼	12	12⅛
Pet Ht&P	0.31	9	25	11½	11⅜	11½	+⅛
Phil LD	0.25	14	93	34¼	33⅞	34¼	+⅜

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NASDAQ NATIONAL MARKET

3:00 pm prices April 23

[illegible]

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Wthington	0.48	27	441	24	23⅝	24	+⅛
WPP Group	1.11	1	391	2¼	1½	2⅛	-⅛
Wyman-Gdn	0.40	0	514	4⅛	4	4⅛	

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		25	1054	25½	24	24½	-½
Xoma Corp		7	3660	14	13¼	13¾	+½
Yellow Fr	0.94	30	740	28⅞	28⅜	28⅞	+⅜
York Rsch		42	730	5¼	5	5⅛	-⅛
ZionsUtah	1.44	10	17	52¼	51	51	

AMERICA

Drug stocks push Dow lower in nervous trade

Wall Street

A SELL-OFF in drug issues *helped push US share prices* lower yesterday morning, in a market that was already nervous following the flood of corporate results, *writes Karen Zagor in New York.*

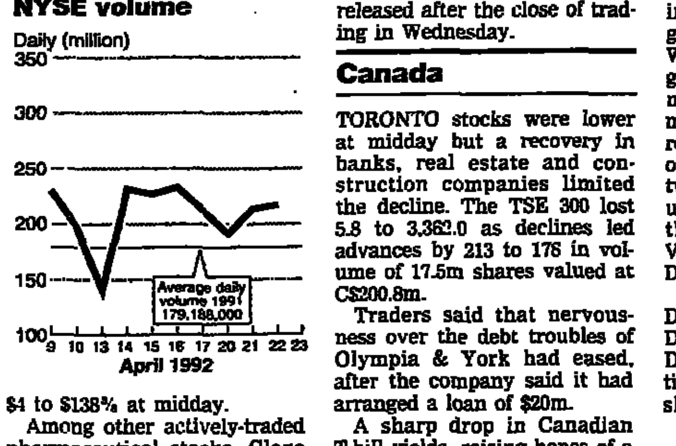
At *1.30* pm. the Dow Jones Industrial Average was down 25.26 at 3,313.51 in moderate volume, after gaining more than 10 points in the first half hour of trading. The retreat was broadly based, with declines leading advances by a ratio of three to two. The Standard & Poor's 500 eased 2.84 to 406.97 at 12.30 pm and the Nasdaq composite fell 5.17 to 573.06.

In addition to the pressure from the quarterly corporate results, the market was depressed by higher yields for longer-dated bonds. The yield of the Treasury's 30-year bond continued to climb above the 8 per cent mark following a report that initial jobless claims had fallen in a week when economists had expected an increase. At midday, the long bond was quoted $\frac{18}{32}$ lower to yield 8.08 per cent.

Big board trading was dominated by pharmaceutical stocks. *Johnson & Johnson* tumbled $3¾ to $89¼, reflecting disappointment with its first quarter results. The healthcare products company had a net income of $464m or $1.38 a share compared with $418m or $1.25 a share one year earlier. The 11 per cent improvement was weaker than expected. Sales rose about 7 per cent to $3.36bn from *$3.15bn a year ago.*

Shares in Merck also took a beating yesterday morning, although the company had no corporate developments or news to report. The issue lost

NYSE volume



$4 to $138⅝ at midday.

Among other actively-traded pharmaceutical stocks, Glaxo Holdings fell $1 to $25⅝ and Bristol-Myers Squibb added $¾ to $73⅝.

Shares in Citicorp, which initially gained about 13 per cent after the bank posted strong first quarter results on Tuesday, started to correct yesterday morning, with the issue slipping $⅝ to $18⅞. Trading was also active in Chase Manhattan, which rose $⅛ to $26⅝.

A flood of results from technology companies fuelled active trading in the sector. Tandem Computers dropped $⅞ to $12¾ following second quarter earnings of 8 cents a share against 17 cents.

In the secondary market, Sun Microsystems firmed $1⅛ to $27⅜, reflecting the company's better-than-expected third quarter income of 60 cents a share, compared with 56 cents *a year earlier. The results were* released after the close of trading in Wednesday.

Canada

TORONTO stocks were lower at midday but a recovery in banks, real estate and construction companies limited the decline. The TSE 300 lost 5.8 to 3,362.0 as declines led advances by 213 to 176 in volume of 17.5m shares valued at C$200.8m.

Traders said that nervousness over the debt troubles of Olympia & York had eased, after the company said it had arranged a loan of $20m.

A sharp drop in Canadian T-bill yields, raising hopes of a moderate cut in the Bank of Canada's rate at its weekly setting later in the day, helped push bank stocks higher.

Among active issues, Lytton Mineral rose 9 cents to 31 cents, Torstar class B eased *C$¼ to C$22, Maple Leaf Foods* firmed C$⅛ to C$17⅛ and Quebecor Printing was flat at C$15⅞.

Bombardier class B firmed C$⅞ to C$14¼. The company raised its dividend by 25 per cent late on Wednesday.

Hardly a squeak from Canadian cheerleaders

Bernard Simon charts the damage done to Toronto stocks by the crisis at O&Y and weak gold prices

Between the travails of Olympia & York, sagging gold and oil prices, and only the faintest signs of an upturn in the Canadian economy, the Toronto Stock Exchange has had little to cheer about lately. So it is not surprising that while share prices on Wall Street have been climbing from one record to another, Toronto remains in a rut.

Except for a maverick bounce earlier this month, the TSE 300 index has been steadily losing ground all year. It has dropped *more than 8* per cent since mid-January. The index closed at 3,368 on Wednesday, far off its all-time high of 4,112 in August 1987. Most of the damage has come from O & Y fall-out and from the sliding gold price.

With Canadian banks being O & Y's biggest creditors, the TSE banks index has slid by more than 18 per cent since mid-January. National Bank of Canada, the smallest of the big six banks but with the heaviest exposure to O & Y relative to its size, has seen its share price *drop by a third.*

The banks' exposure to O & Y itself, totalling about C$3bn ($2.5bn), is only part of investors' concern. Even the developer's main lender, Canadian Imperial Bank of Commerce, could not absorb a big write-down on its O & Y loans without serious capital impairment.

More worrying is the effect that O & Y may have on the real estate market as a whole. Sales of buildings at firesale prices, coupled with even more intense competition for office tenants, could force the banks *to reassess the value of a much* bigger slice of their real estate portfolios.

This concern is reflected in the share prices of other heavily indebted property companies. Calgary-based Trizec, which is North America's biggest publicly traded real estate group and 35 per cent-owned by O & Y, has been trading this *week at its lowest levels in* more than two decades.

Bramalea, one of Canada's biggest homebuilders and a Trizec subsidiary, sank below C$3 a share this week. The shares lost 10 per cent of their value on Wednesday alone, and are now more than a quarter below the price at which a flopped rights issue was pitched earlier this month.

The gold mining index has fallen by 14 per cent from its late-January peak. In spite of a *49 per cent leap in first-quarter* income, American Barrick, long an investor favourite, has sunk from a record C$34.75 to C$27.75. The realisation is apparently sinking in that even astute hedging cannot protect a commodity producer forever from the unpleasant realities of the spot market.

Investors have even recently shunned some of Canada's best-known industrial companies. Northern Telecom, propelled by 13 consecutive quarters of earnings growth to a record C$58.50 earlier this year, has since retreated below C$53.

*Dofasco, the country's big*gest steelmaker, is trading close to its 52-week low. Shares of Air Canada, which is in a fight-to-the-finish with its rival, Canadian Airlines International, are now at just half the price at which the government sold its remaining stake to the public in July 1989.

Amid the gloom, lower inter*est rates and some cyclical* stocks appear to be pointing to better times ahead. Canadian Pacific Forest Products, for instance, has gained more than 10 per cent in recent months.

But until more solid evidence of a broad-based business recovery appears, the heftiest profits in Toronto are likely to come from more speculative plays.

Two oil and gas producers – BP Canada and Ocelot Energy – have benefited handsomely from a *huge natural gas discovery in* north-east British Columbia.

Mr Jim Doak, analyst at First Marathon Securities, expects the discovery to boost BP Canada's net asset value by about 50 per cent by the end of 1993. The shares of Ocelot (its biggest shareholder is the German metals group Metallgesellschaft) have rocketed 70 per cent since November.

EUROPE

German data frighten senior bourses

GERMANY'S M3 data frightened senior bourses but tyre stocks bucked the trend, *writes Our Markets Staff.*

FRANKFURT fell just before the close on the release of worse-than-expected money supply growth figures for March. They caused the DAX *index to shed a 2.42-point gain* and close down 0.86 at 1,752.44. The FAZ index, calculated at midsession, added 0.69 to 714.57. Turnover rose to DM6.1bn from DM5.5bn.

Auto stocks continued to improve, following Volkswagen's strong performance on Wednesday, and prospects of good results at the car companies' press conferences next month. Daimler, which recently reported strong sales of its new S model in the first two months of this year, closed up DM2.50 at DM790.50, but off the day's high of DM795.50. Volkswagen rose DM1.70 to DM383.50.

Continental hit a 1992 high of DM279.50 before closing up DM8.80 or 3.2 per cent at DM277.50. The stock is benefitting from the rise in Michelin shares in Paris and from reports that Pirelli of Italy has resumed cooperation talks with Continental.

Linotype-Hell fell to DM372 after omitting its *dividend* on 1991 results. But news that first quarter orders had risen by 15 per cent helped it recover to close just DM3 down at DM383.

PARIS was pulled from the day's high by a drop in the bond market, after the German figures dashed hopes of an interest rate cut. The CAC-40 index rose to 1,995.21 before ending down 5.54 at 1,978.14. Volume was a heavy FFr3.4bn, bloated by activity linked to the close of the April account yesterday.

Michelin remained strong after its results last week, adding FFr11.10 or 5.7 per cent to FFr204.80 in heavy volume of 1.8m shares. There were reports that analysts were upgrading their forecasts fol*lowing a meeting with the* company on Wednesday. However, some dealers said the stock was looking expensive now that it had risen above FFr200.

MILAN continued to focus on Fiat and Pirelli. The Comit index rose 3.00 to 510.14 in turnover estimated at L60-80bn after L58.3bn.

Fiat closed L145 higher at L4,945, as dealers were encouraged by Wednesday's comments on its car operations. Pirelli added L44 to L1,340 on continued foreign buying. The stock is widely seen as a turnround situation, with break even expected this year and a return to profit in 1993.

Sasib, part of the De Benedetti group, was unchanged at L5,975. After the close, the diversified mechanical engineering company announced a 4 per cent rise in net profit to L73.2bn, slightly ahead of expectations, though some London analysts were disappointed that the dividend had not been raised.

STOCKHOLM rebounded from a weak opening to close broadly higher, thanks to *demand for Asea and Volvo* ahead of their annual meetings. The Affärsvärlden general index rose 4.2 to 984.2 in turnover of SKr837m after SKr491m.

Astra fell further after the company said it would go ahead with a plan to drop restrictions on foreign share ownership. Its B free shares lost SKr13 to SKr514 while its A frees fell SKr22 to SKr530, reducing the "free" premium to just 3 per cent. Its A shares eased SKr5 to SKr514. Some analysts recommended picking up the shares, now that the foreign ownership uncertainty was out of the way.

AMSTERDAM resisted the fall in neighbouring Germany and the CBS Tendency index rose 0.9 to 127.8 in turnover of Fl 692m.

The chemicals sector was strong with DSM and Akzo both rising Fl 1.80 to Fl 111.10 and Fl 152.30 respectively.

Polygram closed up 50 cents at Fl 48.80, just off an intraday year's high of Fl 48.90, on UK buying. Nedlloyd was Fl 2.10 stronger at Fl 56.70 following Wednesday's results.

BRUSSELS rose at the start of the new forward account. The Bel-20 index gained 6.24 to 1,205.43.

Solvay, which said that it was buying Tenneco's US min*erals operation, rose BFr225 or* 1.8 per cent to BFr12,650.

ZURICH was lifted by foreign interest in cyclical stocks. The SMI index rose 5.4 to 1,880.1. Brown Boveri bearers rose SFr120 to SFr4,200 while Georg Fischer bearers advanced SFr20 to SFr1,140.

MADRID's general index shed 1.82 to 249.59. Telefónica lost nearly 4 per cent to close down Pta40 at Pta1,015 in high volume.

FT-SE Eurotrack 100 - Apr 23

Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1173.80	1173.22	1172.86	1173.60	1171.48	1169.28	1169.25	1169.11

Day's High 1174.19 Day's Low 1168.78

Apr 22	Apr 21	Apr 16	Apr 15	Apr 14
1171.34	1166.73	1169.83	1167.06	1157.52

Base value 1000 (26/10/90).

ASIA PACIFIC

Pension funds help Nikkei rise above 17,000

Tokyo

BUYING by pension funds and investment trusts combined with futures-linked activity to push the Nikkei average sharply higher yesterday, *writes Neil Weinberg in Tokyo.*

The 225-share index surged 562.93, or 3.3 per cent, to 17,402.05 for its first close *above 17,000 in three days.* It reached a high for the day of 17,431.05 and a low of 16,832.50. Volume increased to 300m shares from 230m.

The Topix index of all first section stocks rose 32.00, or 2.5 per cent, to 1,315.03 as advances led declines by 814 to 184, with 129 issues unchanged. In London the ISE/Nikkei 50 index gained 1.47 to 1,070.45.

Mr Masumi Okuema of UBS Phillips & Drew International said the stock market's supply-demand balance is expected to improve towards the end of the month with the likely establishment of new funds allowing companies to support their own shares by pooling funds as a step towards legalising stock repurchases. He added, however, that the strength could prove largely psychological and the market still lacks the buying interest needed for a sustained recovery.

A boost from *domestic* pension funds and investment trusts sparked a rally early in the day, while continued activity in index futures continued to dominate for most of the day, as it has in recent sessions. Large local brokerages were also seen strongly supporting speculative issues, a practice rare in recent months.

The day's volume leaders were Teac, which forged ahead Y60 to Y1,090, and Morinaga Milk, up Y13 to Y764. Top securities firms also fared well, with Nomura advancing Y40 to Y1,310 *and Nikko Y43 to* Y635.

However, Daiwa retreated Y6 to Y773 on foreign selling.

Bank shares extended their rally, with Mitsubishi Bank rising Y150 to Y1,850 and Industrial Bank of Japan Y130 to Y1,880.

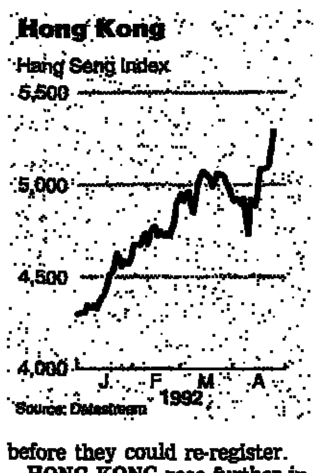
Drug issues and leading electricals continued to rise, Daiichi Pharmaceutical adding Y50 at Y1,420 and Pioneer Electronic Y120 at Y3,880.

In Osaka, the OSE average moved ahead 486.42 to 19,621.45 in volume of 18.8m shares.

Roundup

ANOTHER record high was achieved by Hong Kong, while the rest of the Pacific Rim remained mixed. In Bombay, brokers resumed their boycott in protest against a circular from the Securities and Exchange Board of India requiring brokers to obtain clearance from the board before they could re-register.

Hong Kong



HONG KONG rose further in strong volume. The Hang Seng index closed 98.75 higher at 5,287.78 in turnover of HK$4.43bn, after HK$2.85bn.

The most active stocks were HSBC Holdings, up 50 cents to HK$41.00, Cheung Kong, which gained 50 cents to HK$22.00, and Hutchison Whampoa, 20 cents stronger at HK$16.20.

AUSTRALIA closed at a six-week high. The All Ordinaries index gained 9 to 1,608 in turnover of A$247.5m.

BHP climbed 16 cents to A$13.88 in volume of 2.1m shares, while Brambles advanced 46 cents to A$16.50 and Lend Lease rose 50 cents *to A$16.10. Among the declines* was CRA, which lost 26 cents to A$14.04 after reporting a fall in March iron ore production.

SEOUL slipped in active trade. The composite index shed 1.35 to 582.87 in turnover of Won381.8bn. Buying centred on low-priced shares, while stocks of large manufacturers and financial groups were sold.

TAIWAN fell further as a demonstration in Taipei calling for direct presidential elections depressed sentiment. The weighted index declined 34.76 to 4,470.31 in turnover of T$12.7bn, against T$14.3bn.

MANILA gained ground in active trading. The composite index put on 13.91 to 1,178.30 in combined turnover of 552.6m pesos, after 218.2m pesos.

There was foreign interest in Philippine National Bank, which released good first-quarter earnings. It rose 2.50 pesos to 275 pesos.

KUALA LUMPUR advanced afresh, the composite index ending 8.95 stronger at 582.90 in M$102m turnover (M$69.2m).

SINGAPORE was dull. The Straits Times Industrial index eased 0.83 to 1,402.27 while turnover rose to S$195m, up from S$50m. Singapore Airlines foreign shares receded 30 cents to S$18.20.

NEW ZEALAND was buoyed by a survey showing an increase in business confidence. The NZSE-40 capital index gained 23.09 to 1,451.40.

SOUTH AFRICA

INDUSTRIALS rose in Johannesburg with the sector index adding 27 to 4,219. The overall index gained 18 to 3,377 while gold was unchanged at 1,023. Barlows was up 90 cents at R56 while Richemont firmed 30 cents to R32.85.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 22 1992								TUESDAY APRIL 21 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	145.97	+0.4	122.75	123.78	126.24	127.33	+0.7	4.33	145.44	123.35	123.37	126.20	126.38	153.68	140.94	142.05
Austria (19)	167 31	+0.4	140.70	141.88	144.70	144.86	+0.5	2.00	166.66	141.35	141.38	144.61	144.17	186.70	162.62	201.59
Belgium (46)	136.91	+0.3	115.13	116.09	118.40	115.64	+0.0	5.26	136.49	115.77	115.78	118.43	115.62	145.19	135.67	137.34
Canada (115)	128.40	−0.8	107.98	108.88	111.04	110.23	−0.3	3.33	129.42	109.77	109.78	112.29	110.58	142.12	125.75	138.53
Denmark (35)	*231.87*	*+0.3*	*194.99*	*195.63*	*200.54*	*202.94*	*+0.1*	*1.82*	*231.24*	*196.13*	*196.16*	*200.65*	*202.78*	*273.94*	*226.81*	*233.28*
Finland (15)	76.49	+1.5	64.33	64.87	66.16	72.70	+1.5	2.01	75.38	63.93	63.94	65.41	71.66	89.80	73.64	113.14
France (106)	156.01	+0.6	131.20	132.26	134.91	137.41	+0.1	3.37	155.10	131.55	131.57	134.57	137.22	159.16	148.06	132.71
Germany (65)	119.06	+0.7	100.13	100.98	102.97	102.97	+0.3	2.24	118.26	100.31	100.33	102.61	102.61	122.84	114.67	107.73
Hong Kong (55)	216 71	+2.0	182.24	183.76	187.43	215.33	+2.0	3.75	212.46	180.20	180.22	184.36	211.16	216.71	176.38	148.11
Ireland (16)	159.69	+1.0	134.29	135.42	138.11	140 37	+0.7	3.67	158.11	134.10	134.12	137.19	139.33	173.71	151.78	157.44
Italy (78)	71.05	+0.8	59.75	60.25	61.45	66.28	+0.4	3.48	70.52	59.81	59.82	61.19	66.00	80.86	68.92	78.04
Japan (473)	94.33	+0.4	79.33	79.99	81.60	79.99	+0.4	1.07	93.92	79.66	79.67	81.51	79.67	140.95	88.70	138.83
Malaysia (68)	232.66	+0.5	195.65	197.28	201.21	228.00	+0.4	2.82	231.58	196.42	196.44	200.94	227.08	250.18	212.49	234.74
Mexico (18)	1713.47	+0.6	1440.93	1452.99	1481.89	5761.69	+1.0	1.04	1703.83	1445.12	1445.36	1478.43	5706.92	1789.77	1376.91	882.69
Netherland (25)	153.34	+0.6	128.95	130.03	132.62	130.98	+0.2	4.25	152.40	129.26	129.28	132.24	130.69	156.48	147.88	137.29
New Zealand (14)	43.52	+0.6	36.60	36.91	37.64	42.96	+1.3	6.42	43.28	36.70	36.71	37.55	42.40	48.52	42.01	49.38
Norway (23)	168.57	−0.8	141.75	142.94	145.79	148.89	−1.1	1.72	169.94	144.14	144.16	147.46	150.51	192.95	161.26	184.90
Singapore (38)	202.90	+0.3	170.63	172.06	175.48	154.98	+0.2	2.10	202.25	171.54	171.57	175.49	154.62	228.43	192.76	200.93
South Africa (61)	227.65	−0.1	191.44	193.04	196.87	168.39	+0.6	3.02	227.83	193.24	193.26	197.68	167.40	263.60	203.16	205.83
Spain (50)	149.07	−0.4	125.36	126.41	128 92	117.79	−0.5	5.14	149.62	126.90	126.93	129.83	118.39	160.47	146.86	155.12
Sweden (25)	182.12	−0.5	153.15	154.44	157.51	162.03	−0.9	2.79	183.12	155.32	155.34	158.90	163.47	190.37	173.09	177.93
Switzerland (60)	98.48	+1.1	82.81	83.51	85.18	94.11	+0.7	2.27	97.43	82.63	82.65	84.55	93.47	104.22	95.99	92.55
United Kingdom (228)	184.57	+0.3	155.21	156.50	159.61	155.21	−0.6	4.78	184.03	156.09	156.10	159.67	156.09	186.29	165.85	169.64
USA (523)	166.90	−0.1	140.35	141.53	144.35	166.90	−0.1	2.98	167.00	141.65	141.68	144.92	167.00	171.66	160.92	155.15
Europe (791)	146.93	+0.4	123.56	124.59	127.08	126.26	−0.1	3.88	146.28	124.07	124.09	126.94	126.42	150.58	139.31	136.65
Nordic (98)	*171.42*	*−0.2*	*144.15*	*145.36*	*148.25*	*146.00*	*−0.4*	*2.22*	*171.70*	*145.63*	*145.65*	*148.98*	*146.62*	*188.52*	*168.66*	*174.07*
Pacific Basin (717)	100.35	+0.5	84.39	85.10	86.79	85.50	+0.5	1.47	99.83	84.67	84.68	86.62	85.08	141.97	94.40	138.97
Euro−Pacific (1508)	119.17	+0.5	100.21	101.04	103.06	102.28	+0.2	2.66	118.60	100.59	100.60	102.90	102.08	145.21	113.80	138.36
North America (638)	164.47	−0.1	138.31	139.49	142.27	163.04	−0.1	2.97	164.63	139.64	139.68	142.88	163.17	169.69	158.70	154.04
Europe Ex. UK (563)	124.37	+0.6	104.58	105.49	107.59	109.47	+0.2	3.21	123.69	104.91	104.95	107.35	109.24	129.79	121.81	116.62
Pacific Ex. Japan (244)	159.56	+1.0	134.18	135.33	138.01	141.89	+1.2	3.84	157.97	133.98	134.02	137.08	140.27	159.56	149.00	139.65
World Ex. US (1702)	121.74	+0.4	102.37	103.24	105.29	104.59	+0.2	2.67	121.22	102.81	102.84	105.19	104.38	146.91	116.45	139.45
World Ex. UK (1997)	*131.47*	*+0.2*	*110.56*	*111.49*	*113.71*	*120.62*	*+0.2*	*2.53*	*131.19*	*111.27*	*111.30*	*113.85*	*120.41*	*150.58*	*127.21*	*141.20*
World Ex. So. Af. (2164)	135.45	+0.2	113.91	114 87	117.16	123.44	+0.1	2.79	135.15	114.63	114.66	117.28	123.34	153.05	130.04	143.34
World Ex. Japan (1752)	159.29	+0.2	133.95	135.09	137.78	149.05	+0.0	3.32	159.04	134.89	134.93	138.02	149.06	161.90	153.20	147.67
The World Index (2225)	136.05	+0.2	114.41	115.37	117.67	123.84	+0.1	2.79	135.75	115.14	115.16	117.80	123.73	153.70	130.66	143.71

Constituent change 23/4/92: *Deletion: Security Pacific (USA). Latest prices were unavailable for this edition.*

RECRUITMENT

JOBS: US professor spells out lessons on a branch of management that management schools rarely teach

Executives' guide to powerful politicking

SUPPOSE you've just been made a senior manager, and can choose the location of your office on the palatial top floor of group headquarters. Which of the following pair would you pick?

A – A big one at the outside of the building, whose windows command a glorious view of the surrounding city and countryside.

B – A smaller one opening on to a corridor directly opposite the door to the executive lavatories.

As a general rule, American management professor Jeffrey Pfeffer would pick the second. That was where he had his room at the University of California's Berkeley business school before his elevation to its more famous counterpart at Stanford.

The site of the office meant that every day everyone in the building who mattered, "except those with very strong kidneys", would pass his door. He always kept it open of course. "People who are well placed in the communication network also tend to be the central players in terms of power and influence," he observes in his latest book. Called Managing with Power*, it's the best guide to organisational politicking that the Jobs column has ever read.

Mind you, he would not advise the same choice of site in all cases. Much depends on the style of the organisation. In the hierarchical sort with power concentrated at the top – General Motors is his example – the big office with breath-taking vista is usually the cannier option. The smaller one with leak-taking ambience is more likely to be advantageous in less formally structured outfits, such as Apple Computer. But there are many other factors that will determine which choice is best in any given set of circumstances.

Indeed, the fact that politicking is a subtle and demanding craft is the book's main message. In a text of 345 pages, I could find only one specific, universally applicable rule: if you have two proposals to put before a decisive meeting, present the stronger second.

The professor nevertheless argues that all of us must learn the craft if we want to succeed, and often even survive, as executives. "...to get things done, you need power – more power than those whose opposition you must overcome – and thus it is imperative to understand where power comes from and how these sources of power can be developed," he says. Other imperatives, once it is acquired, are the know-how to hang onto it, and the will as well as the technical finesse to use it.

That is so even though most people find the idea of politicking distasteful, believing that "if we do our best, work hard, be nice, and so forth, things will work out for the best." Alas, experience shows they usually won't. So the watchword should be: whenever you're not using power in your own favour, someone else will be using it all the more effectively against you.

Jeffrey Pfeffer divides the process of acquiring the craft into steps, starting with the recognition that there are varying interests in virtually every organisation. "This suggests that one of the first things we need to do is to diagnose the political landscape and figure out what the relevant interests are, and what important political subdivisions characterise the organization...."

For instance, if you are unexpectedly offered an important job high in a company, don't take it as proof of your personal brilliance. Before accepting, mull over the likely motives of those making the offer. They may well have a hidden agenda; if so, there'll be pitfalls that need investigating.

Nor is it enough just to identify the motives and perspectives of the clusters of allied and opposing interests. Successful politicking also requires analysis to find *why* the different factions hold their particular attitudes.

The ego must not be allowed to colour the analysis. "It is all too easy to assume that those with a different perspective are somehow not as smart as we are, not as informed, not as perceptive." That sort of pride most often goes before a fall, the professor says . One of the prime traits of effective power-wielders is "the ability to submerge one's ego in the effort to get something accomplished", not least because the "real secret of success in organizations is the ability to get those who differ from us, and whom we don't necessarily like, to do what needs to be done."

After the outfit's political dynamics have been identified, he recommends a seven-stage process of personal review. It goes:

1 – Decide what your goals are, what you are trying to accomplish.
2 – Diagnose patterns of dependence and interdependence; what individuals are influential and important to achieving your goal?
3 – What are their points of view likely to be? How will they feel about what you are trying to do?
4 – What are their power bases. Which of them is more influential in the decision?
5 – What are your bases of power and influence? What bases of influence can you develop to gain more control over the situation?
6 – Which of the various strategies and tactics for exercising power seem most appropriate and are likely to be effective, given the situation you confront?
7 – Based on the above, choose a course of action to get something done.

As for the strategies and tactics, to judge from the numerous cases that Jeffrey Pfeffer cites to support his thesis, he takes an exceedingly broad view. It is that, provided you can satisfy your own conscience that your goal is of over-riding importance, any means that work to the said end will do.

Blatant toadying is one example, although research suggests that it is most extravagant in outfits under little or no pressure of competition. In General Motors' heyday, for instance, one of its top men went to visit a plant whose own chiefs were eager for his favour. Knowing he liked late-night snacks, they sent a refrigerator full of delicacies to his hotel room, but it was too big to go through the door. So they had a crew with a crane remove the window, hoist in the goodies, and replace the pane.

Such little gestures of affection, however, are not always enough to turn the trick. At the opposite extreme, there will be occasions when the only way forward is to gain means of forcing dissenters to toe the line on pain of ejection. In which case, it seems that serious operators don't hesitate to hit their opponents when they're down.

The book cites an ambitious Wall Street manager who, after long temporising with his main rival, suddenly decided the time was ripe to drive him out. The reason was that the competitor had just been through surgery for a brain tumour that had come on top of a painful and public divorce.

As the professor says, successful politicking rarely coincides with a yen to be universally liked.

Even so, it is wise to stop short of becoming an absolute tyrant – a condition which, in the Jobs column's experience, tends to lead to blindness to the politics seething below. Over the years, several company despots have sworn to me that no such activity exists in their organisation, on the lines of the ancient tyrant who, when advised on his death bed to forgive his enemies, replied: "There aren't any. I hanged them all."

My impression that the most dangerous politics are the unseen variety is confirmed by Jeffrey Pfeffer. However long you've ruled unchallenged, he says: "Never underestimate your opponents. If you prepare too carefully, and take too many precautions, you may waste some effort. But if you underestimate what you are up against, you can lose, and losing even one battle may signal the decline of your power."

Michael Dixon

* *Harvard Business School Press (Boston, MA 02163). $24.95*

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Our client, is a leading Japanese Bank and is one of the world's leading providers of financial services for multinational clients. Their London Office in the City is the flagship of their European operations and is responsible for the Bank's deep penetration into the markets they serve. *International strength and local knowledge have given the London* Office a high profile in Europe, building an impressive and diverse business.

The role of this critical function is to report directly to the department head and ensure liaison between the marketing team, technical support, legal advisors and head office. It is anticipated that the position will develop quickly and significantly so that you will become directly involved in the marketing function.

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ACCOUNTANCY COLUMN

Standards task force takes criticism on board

By Andrew Jack

GLASNOST and perestroika have reached one of the more obscure outposts of the Accounting Standards Board. After just over a year of operation, members of its Urgent Issues Task Force – which interprets and clarifies existing accounting standards – are responding to criticism of the way they conduct business.

To those who have not heard of it, and particularly those who are familiar with the cumbersome recent history of the development of accounting standards, the concept of an urgent issues task force sounds like a contradiction in terms.

To the growing number that do know it, the task force has been the subject of considerable grumbling behind closed doors. Even its more benign critics question whether either its operation is urgent, or whether the topics it tackles are urgent issues.

The task force has its origins in the 1988 Dearing Report, the basis for the new system of accounting regulation. It called for a "capability of high standing" to provide expert guidance when emerging accounting topics arise. It would act more quickly than the process for setting new standards; and its guidance would not have the same status. But it would have the support of the professional bodies.

When it was finally launched in March 1991, its main role was defined as seeking a "consensus" on existing accounting standards or Companies Act provisions that are subject to unsatisfactory or conflicting interpretations. It may also advise the board on new developments in financial reporting.

Four of the 16 task force members must be drawn from industry and commerce and nine from accounting firms. (Five currently come from the private sector outside the firms.) At least 11 of the members must be present for a quorum, and only two can vote against and still allow the consensus to be passed.

The task force has produced three consensuses since its creation – dealing with the treatment of supplemental interest or premium on convertible bonds, the disclosure of restructuring costs, and goodwill on disposal of a business.

It has also announced work on a further four issues now under discussion: transfers from current to fixed assets, post-retirement benefits other than pensions, presentation of long-term debtors in current assets, and low-start finance. The first of these is likely to generate a consensus at the next meeting in May.

As the pronouncements have emerged, so have the complaints. Most have come from companies affected by the rulings, and relate to the short space of time between the announcement of an issue, a decision by the task force and its implementation date.

The final straw appears to have been the consensus on goodwill, published on December 19 and, in effect, for accounting periods ending on or after January 23. The deadline caused anguish among a number of businesses preparing their year-end accounts, including Marks & Spencer.

The first signs that the criticism of the task force had had some effect came during March, with a new format "information sheet" listing the dates of future meetings and details of the issues to be discussed. A second sheet just circulated lists the progress achieved in the March meeting, and preliminary conclusions on its forthcoming asset transfers consensus.

It has also advertised in an effort to boost its mailing list – which already numbers 3,000 and includes the finance directors of all listed companies – to include others such as large private companies.

Mr David Tweedie, chairman of the task force as well as the Accounting Standards Board, said last week that he had decided to introduce a greater degree of democracy into the proceedings. In future, the task force will make its rulings public, allow discussion and then ratify or modify the consensus when it next meets.

'If a company is going to be taken to task, you've got to be sure you are on the right ground, however august your membership'

"People have felt they haven't quite understood what's happening," he says. "This gives them a chance to comment, and to tell us if they think we're going down the wrong track."

Nevertheless, he rules out issuing formal exposure drafts which are opened to wide-ranging consultation – the approach taken by the board as it draws up its new financial reporting standards. "We want to keep the urgency," he says.

Mr Michael Lawrence, finance director of Prudential, and previously a critic of the task force, welcomes the changes as a mark of its willingness to respond to comments. "The way they operated in the past, producing rabbits out of hats, was not good," he says. "They cannot pretend to know it all."

The accusations of excess haste have raised eyebrows among some members of the task force, who see its discussions becoming more protracted in line with those of the ASB. "Moving too quickly?" says one. "I think it's rather slow. The ASB can't move at the pace necessary to really sort out people playing fast and loose with the rules."

On the other hand, a lawyer who has been following the task force says: "If a company is going to be taken to task, you've got to be sure you are on the right ground, however august your membership. Where speed is of the essence, you may miss something."

So far, it is unclear whether any company has defied a task force consensus. No case is believed to have been referred to the financial reporting review panel for action. But the lawyer suggests that money is "almost inevitably" going to be spent in the courts at some stage. While a consensus has less status than a new standard, task force rulings become part of accounting practice and may be subject to challenge.

Judging from the references to pronouncements which are now appearing in interim and finals statements, a number of companies are beginning to take the task force seriously.

Not all are compliant. The second consensus – that restructuring costs should normally be treated as exceptional items – has been ignored by ICI and Unilever, which retained as extraordinary items provisions made in their 1990 accounts.

The two companies have not restated the amounts as exceptional in their 1991 accounts, although, in accordance with the guideline, Unilever has provided additional information to justify its net £195m cost as extraordinary, as part of a programme of one-off restructuring driven by the requirements of the single European market.

The incident has highlighted the task force's inability to do anything more than clarify current accounting standards. The existing ambiguities and loopholes are not always being closed by its consensuses. Its next ruling – on transfers from current to fixed assets – is likely to be an equally important and controversial testing ground.

Even so, one technical partner in a big accountancy firm is unimpressed by the changes taking place. He suggests that the ASB is holding on to the most important accounting issues for itself, so stretching its agenda many years into the future while leaving only the more obscure topics to the task force. "They tend to deal with issues they know they're going to get consensus on," he says. "They are not exactly taking on the hot topics."

It may a long time before a comprehensive framework of ASB standards has been put in place. In the meantime, the task force still needs to prove itself able to operate effectively, plugging the loopholes which emerge. Its authority and ability to resist defiance may be tested rather more quickly.

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Candidates should be graduate accountants, probably aged 32 to 38, with at least 8 years' post qualifying experience. This should include financial management experience within a manufacturing company and within a Blue Chip Plc. An adept manager of professional staff, you will have the proven ability to influence business decisions and contribute at the highest levels.

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To learn more please write, enclosing a curriculum vitae, to Sue Rossiter, Director, at Barrett Webb Limited, Ashbrittle House, Lower Dagnall Street, St Albans, Herts AL3 4PA or fax her on 0727 812885. Telephone 0727 57755.

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DIRECTOR OF FINANCE

Personnel and Administration

£40,000 pa plus car

We are a rapidly expanding community-based housing association. We currently have 2,500 homes under our management and a development programme in excess of £25 million.

We are looking for a dynamic, innovative individual to lead us through this exciting period of expansion and change. Your specific brief will include developing systems for risk, treasury management and raising private finance.

A fully qualified accountant, (ACA, ACCA, CIPFA, CIMA), you will have gained substantial experience in a similar role in either the public or private sector, managing capital and revenue programmes of a similar size.

Equally important are your interpersonal and presentation skills as you will be regularly representing the Association at the highest levels in dealings with the Housing Corporation and financial institutions. An incisive and analytical approach to decision making is essential. An understanding of social housing would be an advantage.

Benefits include: 25 days' leave, contributory pension scheme and Luncheon Vouchers.

For an informal discussion, contact the Chief Executive, Ms H Llewelyn-Davies on 081 743 7455.

For recruitment pack and application form, please ring SBHA Jobline on 081 740 5767 or write to the Personnel Manager, Shepherds Bush Housing Association, 28/29 Eastman Road, London W3 7YG, quoting ref: 9293/1.

CVs will not be accepted. Closing date: Monday 11 May 1992.

WORKING TOWARDS EQUAL OPPORTUNITIES

Working in partnership with our tenants to provide affordable quality housing.

Shepherds Bush Housing Association

GROUP CONTROLLER

City — to £55,000 + bonus + car

The subsidiary of an international conglomerate, our client is a substantial group in its own right and a leading player in its sector. It has ridden the recession well and is now pursuing a positive strategy of growth.

This new role has been created to provide the Group F.D. with senior level support. Taking day to day control over the head office finance function, the Group Controller will manage the budgeting and Board reporting process. In addition the brief will encompass capital expenditure appraisal, participation in the acquisition programme, overseeing all group projects and close liaison with Divisional F.D.'s.

This high profile appointment will suit an ambitious and talented individual probably in the 32-40 age range. Candidates should be graduates with a professional accountancy qualification, (ideally ACA or CIMA). You should have first class analytical and budgeting skills, together with solid commercial experience gained in a blue chip environment. We are looking for a strong communicator with well developed business awareness and the ability to work closely with managers at the highest level.

Please reply in confidence, giving precise career, personal and salary details to Paul Carvosso quoting Ref. L674.

Egor Executive Selection
58 St. James's Street
London SW1A 1LD

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The Duke of Edinburgh's Award provides young people with a challenge to personal achievement through a balanced competitive programme of voluntary activities which encourage responsibility. More than two hundred thousand young people are participating in the programme this year.

Reporting to the Director of the Scheme the Finance and Administration Director is responsible for all the financial and administrative functions, including investment management, information technology, personnel and legal matters.

You should be a qualified accountant and must have had line responsibility for the financial function at corporate level in an organisation with strong financial disciplines in either the private or public sectors. You should be enthusiastic about making a contribution as a member of the top management team for the further development of the Scheme in the United Kingdom for which there are ambitious plans.

Please send your curriculum vitae including a daytime telephone number to:

John Robins,
The Duke of Edinburgh's Award,
Gulliver House,
Madeira Walk,
Windsor,
Berkshire SL4 1EU

THE DUKE OF EDINBURGH'S AWARD

Northern Home Counties — c.£40,000 + Bonus + Car

Financial Controller

Combining financial and business management

Our client is a £150m revenue high technology products and services organisation with an outstanding product portfolio and an exceptionally committed management team. Now embarked on a strategy of sustainable growth through initiatives in such key areas as new product introductions, strategic alliances and customer service, the company is well positioned to gain market share and improve profitability.

Reporting to the Financial Director, you will have direct responsibility for financial and management accounting, taxation and treasury, credit control, property management and logistics. Your key objectives will include improving credit control performance, streamlining order entry and inventory management procedures, implementing new purchasing standards and upgrading and improving the accounting systems. Fundamental to the role will be the provision of strong leadership and support across all the functional teams, managing in total 140 people.

To fulfil this demanding and challenging role we seek a Chartered Accountant with some 10 years' post qualifying experience in industry or commerce, ideally in services or distribution. You will have extensive experience of the full range of financial and accounting activities, as well as significant experience in managing *other administrative and operational functions.* A strong team leader, you will naturally think and communicate from a general management perspective. This is an outstanding opportunity to develop those skills further and play a major part in the success of a leading organisation.

Please send or fax your CV to Goodman Graham & Associates, advising consultants, at the address below, quoting reference 3313.

GOODMAN GRAHAM
AND ASSOCIATES

8 Beaumont Gate, Shenley Hill, Radlett, Herts WD7 7AR.
Telephone: 0923 855515. Fax: 0923 854791

EUROPEAN AUDIT MANAGER

Outstanding Career Opportunity

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Mayne Nickless is an expanding, Australian multi national service organisation employing over 10,000 people in seven European countries in Transport and Security. The company's ever increasing growth and commitment within the UK and continental Europe has led to this position. This has been due to the career development of the previous job holder within the group.

High calibre ACA, ideally but not necessarily with experience from outside the profession is sought to build and manage an audit team. Of course, statutory and head office audit requirements must be met, but importance is also placed on the individual providing an advisory service to management and to be able to assist in the acquisition process.

Candidates must be educated to degree level and be familiar with EDP audit concepts. Language skills would be a definite advantage (prefereably Italian, Spanish or French). The successful candidate will be highly professional, personable but vigorous and critical in business analysis and must be prepared to travel at least 25% of the time. Career development opportunities within the group would lead to either corporate or line financial positions, for the appropriate candidate.

Interested candidates should send a CV with remuneration details, day and home telephone numbers, to Don Cuthbert at Mayne Nickless Europe plc, 1/2 Brook Business Centre, Cowley Mill Road, Uxbridge, Middlesex, UB8 2FX. Tel: 0895 235088

MAYNE NICKLESS EUROPE plc

LIVERPOOL TO £50,000 + CAR

Finance Director

Merseyside Transport Limited ("MTL"), operating as Merseybus, is the largest provider of bus services in the region. It operates some 1,100 buses, employs 2,600 staff and generates turnover in excess of £50m. It is also successfully developing new business opportunities to complement core activities.

The deregulation of the bus industry and the reduction in public subsidies resulted in a difficult trading climate for several years. Recent restructuring and streamlining has resulted in MTL emerging as a viable operation with exciting prospects. The process of taking the company into private employee ownership is well advanced, and the new Government's manifesto confirmed the completion of the privatisation process.

As Finance Director, you will be responsible to the Managing Director for all aspects of financial management and information technology. Including the supplies function, you will manage a staff of 65. Initially, your key tasks will be to establish the financial disciplines necessary to effectively manage and control the business and to implement appropriate management information systems. You will be a key player in a new and forward looking management team and can expect wide commercial involvement in the business during a period of considerable change.

As a graduate accountant, you will have operated at Finance Director or equivalent level, preferably in a customer-driven service environment. You will have strong staff management skills, experience of implementing computerised management systems and a well-developed commercial awareness.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence, to Peter Jones, Coopers & Lybrand Deloitte Executive Resourcing Ltd, Richmond House, 1 Rumford Place, Liverpool L3 9QS, quoting reference P228 on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

International Financial Controller

Berkshire c £45,000 + Bonus + Car

Our client is the $200m t/o European subsidiary of a major US multi-national, with three manufacturing plants supplying 90 worldwide markets in a highly competitive FMCG sector. The Head Office in Berkshire co-ordinates all international sales, marketing and production scheduling for European manufacture.

The Financial Controller will have overall responsibility for the Group's financial management, and will be essentially project driven, focusing primarily on:

* Review, interpretation and analysis of financial information for all international operations
* Control of advertising and promotion expenditure for the Export Group in all worldwide markets
* Analysis of sales forecasts, production and investment proposals
* Treasury and foreign exchange management
* Significant improvement to the quality of computerised accounting and systems development
* Formalisation of policies and procedures at plant and area levels

This is seen as a key position within the senior management team, with a broad problem solving remit and a major opportunity to influence business profitability. The candidate sought, therefore, must be a high calibre, commercially orientated chartered accountant, with more than five years post qualifying experience gained in a fast moving manufacturing environment. Career development prospects, on an international basis, will be outstanding.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 2652, to Alan Dickinson FCMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance

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ORIFLAME INTERNATIONAL

POLAND/HUNGARY

FINANCE MANAGERS **ATTRACTIVE EXPATRIATE SALARY + BENEFITS**

Oriflame International is a successful marketing led European cosmetics group with worldwide operations. It manufactures and markets its own brands of cosmetics through various direct sales techniques. Excellent management and strategic planning has enabled the group to expand at an extremely rapid rate and they are now placed at the forefront of the cosmetics business in Europe. Recent new ventures in Eastern Europe underlie the firms commitment to expand the business in the emerging markets. They have just acquired a local factory in Poland and are building a second factory within the next eighteen months. In Hungary, they have established a sales and distribution operation and are successfully marketing their products.

These developments necessitate recruiting western trained finance managers with local language skills (essential for Poland) or relevant experience. The role will encompass:

- Establishing a Western Style accounting system
- Financial business planning
- Cost Accounting and Tax Issues
- Foreign currency reporting
- Training of local staff
- Ad hoc general financial management

This is an exciting role and an opportunity for a dynamic "hands on" accountant to gain first hand commercial experience in a developing country with an international FMCG group. It is important that interested applicants must be able to demonstrate their ability to resolve issues within a working environment which is predominantly "non-western" in culture. This is a career role with outstanding opportunities for future development, promotion and travel.

**Please send your CV in confidence, or telephone Kevin Wright at:
Lloyd Morgan, Financial Recruitment Consultants,
Africa House, 64 - 78 Kingsway, London, WC2B 6AH
Telephone 071 404 5591. Fax 071 404 8128.**

FINANCIAL CONTROLLER

Yorkshire To £30,000 + Car

A KEY POSITION WITH AN EXPANDING INTERNATIONAL RETAIL BUSINESS

During recent years this growing retail business has established a prominent position in many major cities. It has consistently achieved its trading objectives and it is continuing to expand in the UK and mainland Europe.

This is a new role, in which the holder will perform a key function in the management of the business and its expansion. Responsibilities will include the provision of financial control, detailed management reporting/forecasting and the development of financial systems.

This challenging role calls for a qualified accountant with at least three years post qualification experience in commerce/industry. Computer literacy is a pre-requisite. The position will involve travel to Europe and language skills in French or German would be helpful. Previous experience in the retail sector or a similar environment would be advantageous.

This is seen as an excellent opening for a highly motivated person, who can thrive under pressure and bring his/her abilities to the fore. The Financial Controller will be part of an executive team which formulates policy and strategy. Success will lead to future opportunities for progression.

To apply, please write enclosing your CV, or telephone for an initial discussion. Ref: JW/FT 201. Accountancy Personnel, 3rd Flr, Carmel House, Fargate, Sheffield S1 2HD. Tel: (0742) 738775.

Accountancy Personnel Hays

A SPECIALIST TAX MANAGEMENT ROLE AT THE CENTRE OF OUR BUSINESS

PRT Section Head

Shell Expro is constantly moving towards improved business strategy and more effective financial controls. The drive for excellence ensures that working within our Finance Department brings high levels of responsibility and challenge together with the opportunity for exceptional career development.

In this senior role within our Tax Compliance Section your key objectives will be to ensure timely preparation, submission and agreement of PRT returns and to optimise Shell's tax position specifically in relation to Petroleum Revenue Tax. Working within a six monthly cycle, you will have overall responsibility for the preparation of these returns and for the PRT quarterly estimates required for Shell's UK and Group accounts. This is very much a "hands-on" role; you will coordinate resources to ensure that statutory deadlines are met, whilst taking a longer term overview, providing input to the development of strategy and giving advice to every level of the organisation. You will manage a specialist team of qualified individuals.

A Chartered or Certified Accountant with at least 5 years' post-qualifying experience, you should have a proven track record in tax (ideally with previous PRT experience) with the capacity to develop in a broader managerial role. You should also have a strong understanding of the oil exploration and production industry, gained either through working in a consultancy role or with an operator. Excellent interpersonal skills are vital as you will need to build important working relationships within Shell, with our partners and with the Inland Revenue. Ability to work under pressure to meet tight deadlines is critical, as is the ability to develop the technical expertise of your team to meet the ever changing demands of the job.

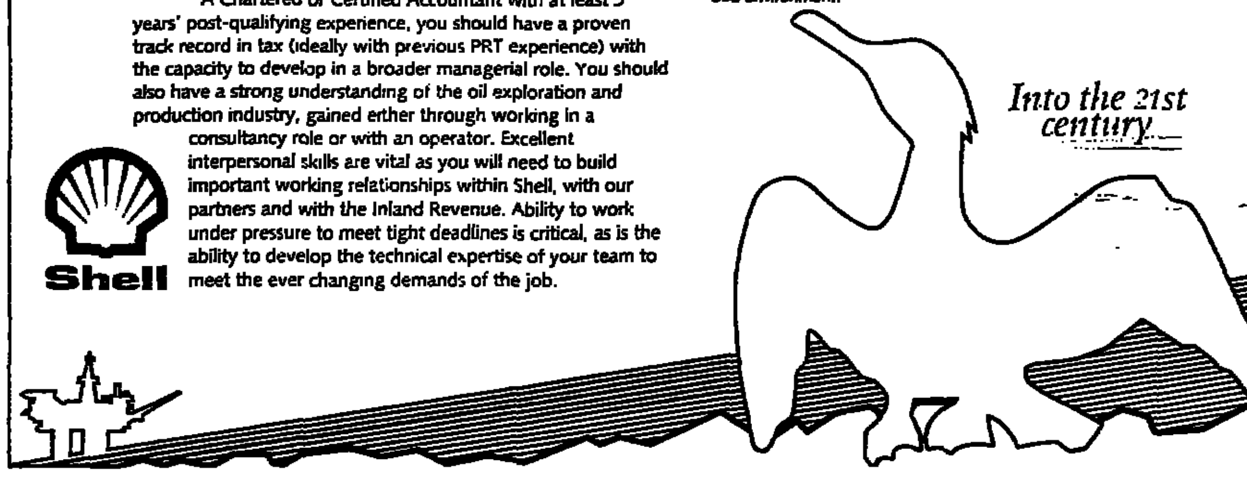
Commitment to quality is reflected both in our investment in technology and our investment in people. As well as gaining valuable first hand experience in an extremely dynamic environment, you will have access to ongoing training and development opportunities.

Rewards are excellent and include a competitive salary and the benefits you would expect from a major international company. Relocation assistance will be provided where appropriate.

In the first instance please write with full C.V. to UEPD/23, Shell UK Exploration and Production, 1 Altens Farm Road, Nigg, Aberdeen AB9 2HY.

Shell Expro is committed to achieving equal opportunity in employment.

Cormorant, Auk, Fulmar, Brent and Tern . . . all these names may be familiar to you as seabirds, but for Shell Expro, they take on other significant meanings as the names of some of our offshore production platforms in the North Sea. The Cormorant, for example, is a powerful seabird, especially suited to cope with the challenging North Sea environment.



Into the 21st century

Shell

GROUP FINANCIAL CONTROLLER

London to £70,000 + bonus + car

With its administrative centre in London and high profile operations throughout the world, this listed international group has substantial interests in the transportation, leisure and property sectors and turnover of more than £250 million. Following a successful rationalisation of its business activities, the company is well placed for further profitable growth.

Reporting to the head of finance you will be responsible for all aspects of accounting, financial control and treasury management for the group and, through Divisional Controllers, for all UK and overseas subsidiaries.

To meet the requirements of the role you are likely to be at least 35 and a graduate chartered accountant, or its overseas equivalent. Whatever your country of origin you must have outstanding technical ability and be equally happy with accounting requirements and business culture on both sides of the Atlantic. Your expertise will have been gained in the profession and from commercial experience, at a senior level, in the head office financial control function of a major international group. Opportunities for career progression to the highest management level are exceptional.

Please send a comprehensive résumé, including day time telephone number, quoting reference 3239, to Neil Cameron, Touche Ross Executive Selection, at the address below.

Touche Ross
MANAGEMENT CONSULTANTS 1st Floor, Hill House, 1 Little New Street London EC4A 3TR. Telephone: 071 936 3000.

FINANCE DIRECTOR

MAJOR CAREER OPPORTUNITY

**North-East
Generous salary +
bonus + mortgage, etc**

Newcastle Building Society has gone from strength to strength recently and now has 56 branches throughout the UK, £1,000,000,000 in assets and a broad-based range of small but growing financial services subsidiaries plus a housebuilding company.

The Society's growth, despite the difficulties of the current marketplace, demonstrates their effective management and determination to concentrate on the factors for success. For example, they have reduced dramatically the cost/income ratio over the last five years and further reduction towards their target will dramatically increase sales potential.

To achieve this they will need strong financial management in all areas especially in new product costing and development. In addition, as the Society grows, the requirement to manage the balance sheet grows.

The Society therefore wishes to create a new post of Finance Director, reporting to the Chief Executive, responsible for treasury and all financial affairs of the company.

This is an excellent opportunity to join a well-established but aggressively growing player in financial services. Their breadth of services allied to the determination of the Chief Executive to expand the business in related areas, including offices outside the UK, offers an exciting career with long-term promotion prospects.

Your career as a qualified Finance Director and Treasurer will clearly demonstrate your ability to contribute to the executive management of the organisation, to oversee and instigate effective treasury management (including paper issue), and to create the financial controls necessary to encourage responsible growth.

To apply in total confidence, please send career details, including salary requirements, to Douglas Kinnaird, C.A., **Ref: 5905/FT, PA Consulting Group,** Number Two Blythswood Square, Glasgow G2 4AD. Relocation assistance to the Newcastle area, which offers exceptional quality of life and schooling, is available if required.

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DIRECTORS SEEKING A NEW ROLE?

InterExec is the largest and most professional outplacement and career management consultancy, providing cost-effective services to individuals seeking career progression.

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Telephone: 071-930 5041 Fax: 071-930 5048

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Financial Adviser

Substantial UK Group with International Interests
Central London **to £32,500 + car**

This is a career opportunity to join a small, dedicated head office team, involved in providing financial advice to a family controlled Construction Group with diverse interests.

Responsibilities of this interesting, high-profile post are varied and include investigating, structuring, *implementing and controlling property and other investment opportunities, and performing* a co-ordinating role between the main Board directors and the companies in which they have invested. Computer experience and taxation awareness are required and there will be an element of financial accounting.

Candidates will be self motivated chartered accountants, aged 30 to 35 with commercial experience and business acumen, incorporating the ability to identify problems and solve them.

Please write in confidence to Michael Ping, enclosing detailed cv and quoting reference P2040, at Ping & Partners, Management Consultants, 58-60 Rivington Street, London EC2A 3AY.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

CENTRAL LONDON **£40 - £45,000 + CAR**

Finance Director

For this specialist £7m turnover company which designs, plans and installs a range of distributed products for commercial and industrial *markets*. This expanding and autonomous operation, with an excellent reputation in its key market sector, is seeking an experienced financial manager to strengthen its small, cohesive management team.

With *total responsibility for the finance functions*, you will, as Finance Director, be required to instigate an improved level of financial awareness, control and discipline across the operations. Active in driving forward financial performance, you will also be required to *provide an informed commercial perspective* on a broad range of business issues. Initial objectives will include the implementation of financial information systems and the advancement of management reporting essential to secure the key information to control and plan the commercial success of the business.

A graduate qualified accountant, probably in the age range 30-40, you will have gained industrial experience ideally in the retail or distribution sectors. You should be capable of managing and developing the finance/accounting function in an effective and economic manner and be able to apply creative and practical solutions to ongoing and developing issues. A *"hands on"* and enthusiastic individual, you must have the appropriate skills and personality to adapt to and handle the rigours of an entrepreneurial business actively pursuing considerable development and change.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Deloitte Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG, quoting reference AE854 on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

Finance and Administration Manager

A senior role in a major offshore development

Reading

British Gas is committed to expanding its exploration and production interests worldwide. Presently, it has over 150 licence interests in North West Europe with production from over 27 oil and gas fields. International operations range over Eastern Europe, Africa, the Far East and America and a substantial financial commitment to continued growth has been made.

Of particular significance is the Maggie/Drake/Hawkins development recently renamed as the Armada Project which will be British Gas' first major Operatorship with joint venture partners in the UKCS. This new *position has been created as a result and will have a high profile within* the organisation.

Supervising a small team and calling upon other resources as required, you will be responsible for all financial and administrative matters relating to the project and will represent the company in dealings with joint venture partners and other bodies. You will initially be involved in *defining the precise requirements of the role and will go on to ensure* smooth progress of the project through to first gas in 1996 and beyond.

The challenge and the breadth of the position ought therefore to be particularly attractive and rewarding.

Fully qualified with substantial post qualification experience, you have a *comprehensive background in operated joint venture accounting* gained preferably with a UKCS oil and gas company. You have extensive experience of interacting with joint venture partners and are especially effective at meetings.

Based at prestigious new offices at Thames Valley Park near Reading you will enjoy a highly competitive salary, which includes company profit sharing and sharesave schemes, company car and a range of other attractive benefits.

In complete confidence, please ring or write with CV to: John Diack, Managing Director, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA. Telephone: 071-629 5909.

"Maximising potential through equal opportunities"

British Gas

FINANCE DIRECTOR

London **£40,000 package**

This outstanding appointment is with the UK arm of a quoted communications group and has been created to help sustain an unparalleled record of profitable organic and acquisitive growth. The role calls for a pro-active financial manager with strong technical and commercial ability.

The successful candidate's responsibilities will embrace all aspects of statutory and management reporting, budgeting, competitor performance monitoring, policies and procedures, working capital management, systems enhancement and customer and supplier negotiation.

Applications are invited from graduate ACAs, ideally aged 28-35, who can demonstrate a minimum of 3 years post professional experience, staff management and computing expertise, exceptional interpersonal skills and the dynamism essential to be an effective member of a forward thinking team.

This position will appeal to ambitious individuals who seek a progressive employer and are confident of their own ability, through leadership and judgement, to make a real financial impact on the group's performance.

For further information please contact Malcolm J. Hudson on 071-831 2323 or alternatively forward your CV in confidence to Hudson Shribman at Vernon House, Sicilian Avenue, London WC1A 2QH (Fax 071-404-5773).

HUDSON SHRIBMAN
financial recruitment

FINANCIAL REPORTING MANAGER

DECISIONS SUPPORT FOR SENIOR MANAGEMENT

c. £50,000pa + car + financial sector benefits

Prudential Life & Pensions devise, market and support a wide range of life and pensions products. *Already* the UK leader of this buoyant market, we are committed to pulling even further ahead through innovation and quality of service.

Promotion has created this high profile opportunity for a qualified accountant to report to the Executive Director - Finance, in direct contact with *the Board. Leading* a team of seven professional staff, you will make a direct contribution to the success of the business by providing the highest *quality* of decision support through accurate and up-to-the-minute management accounts, budgets and forecasts presented in a concise, coherent and meaningful manner.

Specifically, you will concentrate on a series of financial developments including activity based costing; expense and financial models; development, delivery and maintenance of information relevant *to* Directors' needs; and financial input to projects. An immediate challenge *will be to* introduce performance management and development for your team.

Ideally a graduate, you will have a successful track record of management, ideally gained in a financial services industry. Proactive, innovative and ambitious to progress, you must have good interpersonal and presentation skills.

Salary will be around £50,000pa plus company car and financial sector benefits including low-interest mortgage and non-contributory pension. We also offer excellent career prospects both within the Division and throughout Prudential Corporation.

Please send your c.v. to
Jackie Havercroft, Personnel Consultant, Prudential Life & Pensions, Abbey Gardens, 55 King's Road, Reading, Berks RG1 3AH.

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PRUDENTIAL
Life & Pensions

Financial Director

London W1 **around £60,000**

UK subsidiary (£30m T/O) of leading international services group seeks successor for retiring FD. The company is profitable, with potential for further improvement. Most underlying problems have been addressed but there is scope for personal contribution in improving controls, disciplines and supporting systems, which will have a beneficial effect on performance. In this growing division there is excellent potential for career development longer term.

Applicants must be graduate qualified accountants aged say 34-45, with experience in a (fixed *price) contracting business, commercial or even industrial, where the finance management* are part of the commercial team, not just bean counters. Evidence of people skills, and in particular, of assertive, constructive input to the management effort is essential.

For brief job details, write to: **John Courtis FCA at JC&P, 104 Marylebone Lane, London W1M 5FU** indicating very clearly how you meet these criteria, stating latest salary and enclosing CV, quoting ref: *7268/FT. Please* treat your reply as a sample of your communication skills.

John Courtis & Partners
Search and Selection

Financial Management

For Accountants seeking opportunities in International Business

16th & 17th May 1992

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United Technologies	Banque Indosuez
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Conoco	Christian Salvesen
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At a time of recession and in the most uncertain employment market ever experienced by professional Accountants, ASA International is bringing together some of Europe's leading companies, many of whom are offering specific job opportunities.

Key representatives from these companies will be attending a weekend conference on the 16th & 17th May 1992.

It is a unique occasion which will allow you to consider these opportunities and to actually take the first steps to progressing your career.

Applications will be considered from ACA's or ACMA's aged 23-32 years.

There are some spaces left. To apply, please telephone Charles Cotton on 071-353 1244 (Fax:071-353 9907).

ASA International Ltd,
107-111 Fleet Street, London, EC4A 2AB.

ASA International ASA

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finance director

Northern Home Counties **c £50,000 + bonus**

Our client is an autonomous sales, marketing and distribution subsidiary of a $1 billion US Group. They are committed to maintain their dominant position in global markets by aggressive product enhancement and innovation and effective financial management.

The successful candidate will:
- be responsible to the Group Managing Director for financial strategy, controllership and information systems
- *play a key role in improving profit performance*
- be a key adviser in overall business strategy

Applications are invited from qualified and experienced financial executives with proven successful experience of working in a US multinational environment. Credibility at the highest level and a reputation as a committed team player are essential. Age 40+.

Please send a detailed CV explaining how you meet the requirements to PK Selection, Russell Chambers, Covent Garden, London WC2E 8AA.

pks
PK SELECTION
International Search & Selection

Financial Manager

Circa £30,000 + car

With 65,000 people operating in 50 different countries, Akzo is a recognised force in both the Chemical and Pharmaceutical Industries. In the UK, Akzo Coatings plc has an enviable reputation for premium quality paint products, backed by innovative technical support. This has resulted in sustained growth in all sectors of the company's UK business.

This challenging senior level appointment represents an exciting opportunity to lead a professional and pro-active team within the financial control function.

Your main priority will be to help improve the operational effectiveness of the business through the provision of up-to-date management information and shrewd financial advice. With financial input into specific operating plans, you will have the scope to influence the success of key *profit centres*. Control over working capital, including effective credit control, will also be your direct responsibility.

With a recognised professional qualification and at least five years post qualification experience in industry, preferably in a multinational environment, you will possess effective interpersonal, influencing and communication skills, which will allow you to work with confidence at a *senior level throughout the business.*

As a key member of a major international organisation you will earn considerable rewards. In addition to the attractive salary and fully expensed company car you will also be eligible for an excellent range of benefits, including PPP and relocation expenses where appropriate.

To find out more write with your full CV, quoting Ref. No. JH3 to:-

John Hobson
Human Resource Manager
Akzo Coatings plc
135 Milton Park,
Abingdon, Oxon OX14 4SB.

AKZO

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Package includes Company Car and Salary Circa 28k - 30k

A leading Ship Agency company requires a qualified accountant (ACCA, ACMA,ACA) to provide accountancy support to its Head Office and UK Branch Operations.

Ideally the candidate should have some shipping experience.

Apply in confidence with full C.V. to:

MR J STOREY
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